

8/22/77 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Brzezinski to The President (5 pp.) re: attached memo from Bourne on Afghanistan drug trade /enclosed in Hutcheson to Bourne 8/22/77 <i>3 sanitized pages (2 pages) Open 8/11/93</i> <i>12/6/12 09-075</i>	8/19/77	A
memo	From Young to The President (1 page) re: Weekly Summary of US Mission to UN Activities/enclosed in Hutcheson to Cabinet members 8/22/77 <i>Open 7/22/12</i>	8/19/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 8/22/77 [1] Box 45

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THE PRESIDENT'S SCHEDULE

Monday - August 22, 1977

Revised
8/19/77
5:30 p.m.

8:15 Dr. Zbigniew Brzezinski - The Oval Office

8:45 Mr. Frank Moore - The Oval Office

9:00 Senior Staff Meeting - The Roosevelt Room

10:30 Mr. Jody Powell - The Oval Office

12:00 Lunch with Vice President Walter F. Mondale
The Oval Office

1:00 The Honorable Dietrich Stobbe, Governing Mayor
(15 mins) of West Berlin (Dr. Zbigniew Brzezinski)
The Oval Office

1:30 Mr. Jesse Hill, Jr. and Mr. Herman J. Russell
(15 mins) (Mr. Hamilton Jordan)
The Oval Office

2:30 Honorable Kenneth Curtis, Chairman, Democratic
(20 mins) National Committee - The Oval Office

*Bunny
Mitchell -
b papers*

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Peter Bourne -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Z. Brzezinski
Hamilton Jordan
Tim Kraft

Re: Afghanistan

DECLASSIFIED

PER CIA 6/10/2009 LTR
MR-NLJC-2009-075
BY ADP NARA DATE 1/4/12

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
X	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
X	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
X	KING

X	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

DECLASSIFIED

per CIA 6/10/09 LTR
MR-NLJC-2009-075
BY ABR NARA, DATE 4/4/12

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

August 19, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Attached Memo from
Peter Bourne

I have the following comments to make on the attached memo from Peter Bourne:

1. Concur, assuming that [REDACTED] current resources cannot be redirected to narcotics requirements.
2. Concur.
3. Do not object to the meeting but the schedule precludes a visit early next year except on a crash basis. Suggests that we consider extending the invitation in January based on the good intentions of Daoud to impact on the opium crop with the unspoken understanding that failure to reduce the crop might cause review of the schedule.
4. Have no objection to a non-career appointment but do not concur that narcotics alone should be the basis for making a decision on career versus non-career. Selection should be based on most qualified person, regardless of status.

JIMMY CARTER LIBRARY COPY

THE WHITE HOUSE

WASHINGTON


August 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: PETER BOURNE *P.B.*

SUBJECT: SPECIFIC RECOMMENDATIONS: AFGHANISTAN

3.3(b)
(1)



ok

2. The Afghan Minister-in-Charge of Foreign Affairs, Waheed Abdullah, will be attending the upcoming U.N. General Assembly in New York. We have suggested that Secretary Vance meet with him to express our deep concern over Afghanistan's increased opium production. This is the next logical step in a series of demarches to Afghanistan, which have included U.N., as well as U.S. initiatives.

3. Our Ambassador to Kabul has suggested that President Daoud would like to visit you, and recommended that such a visit could have impact on our narcotics effort. In Afghanistan, nothing happens without Daoud's approval and direction. We cannot expect further progress in the narcotics field without his personal interest, and continuing surveillance. While Afghanistan is not a priority country in the context of global affairs, in addition to being one of the world's poorest countries it is the single most significant threat to our long term narcotics efforts, and meeting Daoud could in fact move him to take a more active role in containment of the illicit narcotics of the region. We would therefore suggest acceptance of a Daoud visit early next year. The timing of such a visit is important and would be most beneficial during the early Spring, since late Spring is harvesting season and Daoud could, in fact, cause the interdiction and destruction of large amounts of opium on his return to Kabul. Such a meeting would also be a logical follow-up of the Vance-Abdullah meeting this Fall.

RE CIA 6/10/2009 LTR
MR-NLJC-2009-075
BY *ADP* 1/4/12

MEMORANDUM FOR THE PRESIDENT
FROM: PETER BOURNE
SUBJECT: SPECIFIC RECOMMENDATIONS: AFGHANISTAN

4. By far the most important decision to be made in support of our efforts is on selection of our next Ambassador to Kabul. In order for us to be able to follow through on our devised strategy and escalate anti-narcotics efforts at the earliest possible moment, it is important that in addition to a firsthand knowledge of Afghanistan and its political constraints, our next Ambassador should be competent in the narcotics field and have an existing relationship with the leaders of Afghanistan at the Ministerial level.

An individual with these qualification is available. He is not, however, a career Foreign Service Officer, and consequently a determination must be made that the appointment to Afghanistan should be considered by the Ambassadorial Review Commission, which it has not been up to this point. The Commission has the name of the individual before it, as well as Congressional recommendations and would in all likelihood include that name in any list submitted to you. I would therefore suggest that Afghanistan be considered a country to which a non-career assignment would be appropriate. With your approval, such a suggestion will be made to Secretary Vance.

PGB:ss

ok
J

JOHN F. KERRY LIBRARY COPY

~~CONFIDENTIAL~~

TO: President Carter
THROUGH: Jack Watson THE PRESIDENT HAS SEEN.
FROM: USUN Ambassador Young
SUBJECT: Weekly Summary of U.S. Mission to the U.N.
Activities, August 10 - 17, 1977

August 19, 1977

1. Amb. Young Returns from the Caribbean

Assuming that concrete follow-up action in terms of aid, etc., is taken, the positive effects of Amb. Young's visit should be evident not only during the upcoming General Assembly and within the UN framework in general, but on broader foreign policy questions.

2. Namibia

The Western Five have drawn up the talking points for the briefings of the UN Secretary General, South Africa, Frontline States and Nigeria on the results of the SWAPO talks in New York. Efforts are being made to persuade the South Africans to delay gazetting the Administrator General until the appointment of the Secretary General's representative.

3. UN Decolonization Committee Discusses Puerto Rico

Following the statements by 19 petitioners, who represented all points of view on Puerto Rico's status but who concurred in condemning the present "colonial" relationship, Cuba introduced an objectionable draft resolution. The Committee has approved its Chairman's proposal to adjourn consideration of Puerto Rico until September 1. There is sentiment in the Committee for concluding the hearings with a consensus statement rather than Cuba's controversial resolution.

4. Amb. Lowenstein Returns from Latin America

The five-country trip, which included Nicaragua, Argentina and Chile, received a great deal of local press coverage and seems to have had a positive impact. Lowenstein talked to governmental, dissident, religious and other groups on human rights issues. Despite sensitivities, he was not restricted by any of the governments and has been invited to return to both Chile and Nicaragua.

~~CONFIDENTIAL~~

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DECLASSIFIED
E.O. 12356, Sec. 3.4
PER 5/8/92 skk HRE MR-71C-91-84
BY Jay NARS, DATE 5/20/92

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

LETTER FROM AMBASSADOR JOHN WEST

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	
FYI	

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
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	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

ATTACHED LETTER READS AS FOLLOWS....from Ambassador John West
8/11/77

THE PRESIDENT HAS SEEN.

To 36.9
info
J

Dear Mr. President:

Cy Vance proved beyond doubt during his visit here that he was your best possible choice as Secretary of State. The manner in which he conducted the meetings at Taif made me proud to be a part of the Carter-Vance United States team.

I believe that following his visit to the Mid-East, the credibility of the U.S. and this administration is the highest of any in modern history.

Roy Atherton came back here today (Wednesday) to report on the visit to Israel. We are disappointed at the obstacles, but are more than ever convinced that your policy is the right one.

I am enclosing an editorial from a local paper which may give you a little of the flavor of the attitudes here.

I am forwarding in the diplomatic pouch a copy of the book "The Eternal Message of Muhammad." Ahmad Wahab, the Chief of Royal Protocol asked that I send it to you. (You met him during the Fahd visit.)

It is extremely interesting to compare the Islamic religion with our Christianity. I'm sure you have some knowledge in this respect, but in your spare time (!) this book may be helpful in giving more insight into the Arab culture.

I gave Cy a rather lengthy letter containing a summary of my initial impressions here along with a few

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preliminary recommendations. I'm going to edit it a little after his visit, and then will probably take the liberty of sending you a copy.

Prince Saud is coming to the U.S. in late Sept. for the foreign minister's meeting. He has accepted an invitation to come to Atlanta for a one day's seminar sponsored by the Southern Center. I have discussed with Cy the feasibility of being present for that meeting and spending some time at the Department discussing the recommendations which I have made. He seemed to think it was a good idea so I'll be back about Oct. 1. Hopefully I will have the opportunity to give you a brief report at that time.

It is not necessary for you to acknowledge these letters--I know what your time demands are--and it's good discipline for me to write you some of my thoughts from time to time.

Rosalynn sent us some pictures of the family taken during our visit to the White House--we do appreciate them.

Lois joins me in best regards to you and family.

Sincerely,

John

P.S. I'm sending this regular mail (A.P.O.). It's faster than the pouch and there's certainly nothing in this letter that's classified.

TELEX 40570 ARANEWS SJ JEDDAH
 RIVADH OFFICE: AL BATHA STREET AL RAJHI BUILDING NO 2
 SECOND FLOOR APT 8 PHONE 38272 P.O. BOX 478 CABLE: ARABNEWS
 EASTERN REGION OFFICE: 8 PRINCE MOHAMMAD ST
 NEAR JUFFALI SHOW ROOM ALKHOBAR CABLE ARAB NEWS
 TEL 42991 P.O. BOX 671
 LONDON OFFICE: 6/7 GOUGH SQUARE, FLEET STREET,
 LONDON EC 4A 3D J. TEL. 353-4413/4/5/6 TELEX 889272 ARAB NEWS
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TERRORIST LOGIC

Would they or wouldn't they? Only Abu Ammar knows for sure. In fact, the better informed Arabs and Americans know that the Palestinians would accept Resolution 242 if they are given the slightest chance of a settlement of their problem. So unless there is a U.S. policy reversal in the coming two weeks, which is unlikely, the Palestine National Council should meet and agree to accept Resolution 242 if it is amended to speak about Palestinian national rights instead of a refugee problem. President Carter has already said that that would be good enough for America.

But what is sauce for the goose is not sauce for the gander; Israel will resist to the bitter end any American-Palestinian conciliation and if Secretary Vance would accept a bit of humble advice he must not even try to convince Menahem Begin and company of the wisdom or need to include the Palestinians in the peace talks. He would be wasting his time. Better, he should present them with a fait accompli and finish with it. Otherwise, the terrorist government in Tel Aviv will never willingly allow Mr. Vance to "accomplish" that "fait."

For an ordinary Arab writing a few lines about the American-Israeli relationship, the situation defies logic. One does not even need to go into the history of Israel's 30 years of total dependence on American economic and military aid for survival on the property of others. One does neither have to remind the Americans that this deformed creature remains linked by an umbilical cord with the U.S. and would die the minute that cord is cut. Mr. Vance's talks in Israel today suffice. The confessed murderer Menahem Begin, a former and present terrorist, is trying today to force the first moral U.S. administration in decades not to exercise a national right of dealing or not dealing with whomever it wished to deal with. The ordinary Arab who tries to make sense of the American position has to inhale deeply, count to one million and walk around his office, before returning to his typewriter to ask our American friends, "Why have you encouraged the Israelis to contest your national policy?"

Begin has been screaming that the U.S. cannot negotiate with the PLO because it has given Israel a written pledge not to do so. So there is a written agreement (made by a discredited American government). An agreement can be amended, changed or cancelled. It is not Gospel. An agreement, too, can only be concluded between equals. Israel is a beggar nation, especially with regard to the U.S., which cannot aspire to equal status. That only exists between equals on a give-and-take and not a take-and-take basis.

Of course, worse than the American angle in Begin's lopsided logic is the Palestinian angle. His rabid hatred of the Palestinians can only be explained by the fact that they are living proof of his crimes. Every time he speaks about the Palestinians one has the eerie feeling that there is a psychopath looking at himself in the mirror and seeing visions of his victims passing by. He is a confessed murderer and the all-Swiss International Committee of the Red Cross, as stated in U.N. documents, confirmed his crimes in Deir Yassin. On the other hand, Yasser Arafat, as leader of Fateh and chairman of the PLO Executive Committee, has never confessed to any murder and has never been convicted of one in any international forum. Still, the murderer refuses to sit down with the victim.

Mr. Vance, you are in trouble.

INDIRECT TALKS

There is beginning to emerge from press reports and from U.S. Secretary of State Cyrus Vance's news conference in Taif Tuesday, a clearer picture of the unprecedented dialogue that has been taking place over the past few weeks between the United States and the Palestine Liberation Organization. To be sure, the dialogue is being conducted through Arab intermediaries — due to President Carter's decision to abide by the 1975 Kissinger pledge banning direct talks with the PLO — but there has been a real give-and-take between American and PLO officials during the course of Mr. Vance's tour. Proposals have been exchanged and studied, as if Secretary Vance and PLO leader Yasser Arafat were sitting across the table from one another. Now that the ice has been broken, this interchange of ideas is bound to continue, despite the hue and cry from Israel.

Mr. Vance's conversations with the PLO have apparently been conducted through the good graces of Egypt and Saudi Arabia. The exchange of proposals has focused on U.N. Resolution 242, as a possible instrument for ensuring PLO participation in the Geneva talks. The Americans proposed that the Palestinians accept Resolution 242 in lieu of a statement recognizing the existence of Israel. The PLO pointed out that 242 contains no recognition of Palestinian rights, but instead refers to the Palestinians as merely "refugees". The U.S. countered with a proposal that the PLO announce its acceptance of 242 "with reservations" about the controversial "refugee" clause. The PLO is now studying this suggestion, and will doubtless make its decision during the Central Council meeting in Damascus Aug. 15. Another alternative favored by some members of the PLO would be for the U.N. to pass another resolution affirming Palestinian rights as an adjunct to Resolution 242. Whatever the outcome of the Central Council meeting next week, it is clear that we have witnessed the first real progress

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JOHN C. WEST
AMERICAN EMBASSY
APO NEW YORK 09697

August 11, 1977

SC

Dear Mr. President:

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JOHN C. WEST
AMERICAN EMBASSY
APO NEW YORK 09697

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Rosalyn sent us some pictures of the family taken during our visit to the White House - we do appreciate them.

Lewis joins me in best regards to you and family.

Sincerely,
J.C.W.

P.S. I'm sending this regular mail (A.P.O.). It's faster than the pouch & there's certainly nothing in this letter that's classified. Now

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Z. Brzezinski -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: Hamilton Jordan

Re: Significant Actions at Defense
Dept.

~~CONFIDENTIAL ATTACHMENT~~

THE WHITE HOUSE
WASHINGTON

cc Jordan
orig to 213

~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

19 AUG 1977

2

MEMORANDUM FOR THE PRESIDENT

19 AUG 19 PM 2 01

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense
(August 13-19, 1977)

THE PRESIDENT HAS SEEN.

PW/MIA Status Review: The plan to reinstitute individual case reviews for American servicemen still missing in Southeast Asia was made public on August 16; we accelerated it two days on receipt of your approval to proceed. I directed this action to preempt the increasing speculation about the pending announcement. The decision to reinstitute reviews has received nation-wide news coverage. However, public reaction has been both less than I expected and generally more favorable than I expected. The first letters informing the next-of-kin of review dates will be sent during the week of August 22. The actual review of cases should begin twenty-one days later. All cases should be completed within one year or less if no unexpected interruptions are encountered. The National League of Families is contemplating a legal challenge of the constitutionality of the Missing Persons Act, the statute governing the review process.

Meetings with SALT Critics: On Wednesday evening, I met with Paul Nitze and Bud Zumwalt, along with Zbig and with Russ Murray of my staff, to follow up on our earlier meeting. In the end, the greatest area of disagreement may well lie in estimates of the practicality and effectiveness of Soviet civil defense measures. But there is a great deal of discussion of calculations of weapons on target in various scenarios to get through before we reach that point. There is also some disagreement as to the significance of various relative damage estimates: Paul feels that 100 million Soviet and 70 million US casualties is a distinctly different situation than 70 million Soviet and 100 million US casualties, and that our actions in the face of such estimates would clearly be different in one case than the other. I disagree, not only because of the difficulty in distinguishing between one catastrophe in that range and another, but also because of the immense uncertainties in such estimates in the first place. However, it is clear that relative damage ratios of perhaps 5:1, and certainly 10:1, (Zbig would perhaps say 2:1) are significant in all our views. Paul is interested in the relative US and Soviet positions in terms of surviving nuclear forces after a protracted series of exchanges aimed primarily at the opposing nuclear forces. He feels that if the Soviets should end up with any significant advantage over us in these terms, they could prevent our recovery and coerce us at will for many years. We have agreed to make and compare analyses of that case. I believe that the meeting was helpful and has established a dialogue with Paul's camp that could be useful (it could also be frustrating and counter-productive).

Separately, I met with former Defense Secretary Melvin Laird at his request. He wants to avoid being associated with the Committee on the Present Danger (Gene Rostow, Paul Nitze, et al); in my view he is more moderate on some of the matters of substance but also more deliberately politically partisan. He is much concerned about what he sees as past and current Soviet violations of SALT

Classified by Sec Def

SUBJECT TO GENERAL DECLASSIFICATION SCHEDULE OF
EXECUTIVE ORDER 11652. AUTOMATICALLY
AT TWO YEAR INTERVALS. DECLASSIFIED ON

~~CONFIDENTIAL~~

12/5/89 Jax
SEC DEF CONTR No. 2413

I, especially because he was a principal witness favoring ratification in 1972. He left with me a series of points constituting charges of Soviet violations (testing in an ABM mode, concealment, etc.), which he plans to include in an October article for Readers' Digest, of which he is an editor. I said I'd look at his points and be back to him to continue the dialogue; I also took him up on his willingness to postpone any article for a couple of months on the basis that September and October might be particularly delicate times for SALT.

Korean Indigenous Tank: At the recent US-Korean Security Consultative Meeting, I agreed that we would assist the ROK in developing an indigenous tank (dubbed "ROKIT"). Subsequently, I directed the Army to prepare a Letter of Offer to assist the ROK in developing the tank. In a letter to General Vessey, describing those areas in which the ROK desires our assistance, ROK Defense Minister Suh appears to request help considerably beyond the tank development commitments I made during the SCM. We will respond emphasizing our support, in principle, while pointing out the factors that inhibit our ability to assist in all the areas specified.

Lockheed C-130 Aircraft Sales: We continue to work with Lockheed to assist them in meeting a stable FY 1979 production line requirement. As you know, Sam Nunn has expressed interest in this problem. Though our response may not satisfy Lockheed, I believe it has been forthcoming. Our effort centers on sales to Morocco, Egypt, Korea and Sudan. With respect to Morocco, we acted to free available FY 1976 credit funds and pay Lockheed for one of four Moroccan aircraft. The advance notification to Congress of the proposed sale of fourteen C-130's to Egypt has been transmitted. Consummation of the Egyptian sale coupled with the Korean production of six aircraft, will probably allow delivery to be scheduled to alleviate completely Lockheed's production scheduling problem through FY 1979. However, in the case of Egypt, the Letter of Offer should be signed in the November 1977 timeframe. Congressional review of the Korean Letter of Agreement was completed on August 5. The US Air Force restructured the Sudan program for six aircraft to permit delivery in early 1978.

Panama Canal Treaty: Cliff Alexander's speech on Tuesday in Kansas City on the Panama Canal Treaty was well received. LTG Dolvin (Ret), Deputy Negotiator from DoD, supported the proposed treaty in a television discussion on PBS - McNeil/Lehrer Report, and is reported to have presented the treaty case quite well. The anti-treaty side was represented by Senator Strom Thurmond. General Lou Wilson, Commandant of the Marine Corps, will address the American Legion in Denver, on August 25. He plans to cover the Panama Canal Treaty among other subjects.

Harold Brown

300 PM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

August 19, 1977

PHOTOGRAPH WITH WILLARD SLAPPEY & FAMILY

Monday, August 22, 1977
3:00 p.m.
The Oval Office

From: Hugh Carter *pk*

I. PURPOSE

Courtesy call and photograph with Willard Slaphey and family.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The Slappeys are in town touring Washington after having attended their son, Don's, wedding in New Market, Virginia, on Saturday, August 20th.

B. Participants: The First Lady
 Willard Slaphey
 Helene Slaphey
 Jack Slaphey (son)
 Cindy Slaphey (daughter-in-law)

C. Press Plan: White House Photographer

NOTE: Mrs. Carter will escort them from the East Wing to the Oval Office.

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THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
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Carp/Huron within
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	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
X	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

August 15, 1977

Mr. President:

This brief memorandum covers the issue in which you expressed interest just prior to your short recess at Plains.


Jim Schlesinger

Attachment

THE PRESIDENT HAS SEEN.

OPTIONS TO REDUCE OIL IMPORTS

This paper analyzes recent increases in oil imports and alternatives for dealing with the problem.

+ 22%
7.3 1.60
146
14

For the first six months of 1977, oil imports have averaged almost 8.9 million barrels a day, compared to an average of 7.3 million barrels a day in 1976. During the first three months, imports averaged 9.2 million barrels a day reflecting large oil demands from the abnormally cold winter. Imports decreased in April and May to a low of 8.3 million barrels a day but rose to an average of 8.8 million barrels a day in June. In July, the average for the first three weeks is a little over 8.6 million barrels a day.

Alaskan oil will begin to influence the import figures by the latter half of 1977. In August, about 650 thousand barrels a day of Alaskan oil will be available to reduce import demand, and about 800 thousand barrels a day will be available each subsequent month through December. Taking the Alaskan oil into account, the yearly average for 1977 is projected to be 8.3 million barrels a day. In 1978, imports are estimated to decrease to about 7.9 million barrels a day, rising again to about 9 million barrels a day in 1979.

There are a number of reasons that imports have shot up so much in 1977. First, demand has increased because of both historical trends and greater economic activity. Second, there has been the greatest stockpiling of crude oil in the Nation's history because of the fear of another cold winter and the preceived potential of an OPEC price increase in July. Third, gasoline demand this summer is projected to reach an all time high. Although Alaskan oil will ease the import situation for the next year and a half, the overall import trends continue to be disturbing in the near term.

In the early 1980's imports should begin to decline as the initiatives in the energy plan begin to take hold. Your program is heavily based on changing the capital stock of buildings, automobiles, and industrial processes over time and hence, many of the savings are not achieved until the mid and late 1980's. By 1985, import levels of less than 6 million barrels per day can be achieved with your program and some voluntary efforts.

cc: Stu -
Begin preparing for
action.
cc Jody - info - we
should make strong
statement
Concern -
JC

There are a host of options and combinations that could be used to curb oil imports in the near term. Some of these options include the following:

- o Direct quotas on imports. Under this option, the Federal Government would establish an absolute limit on imports; once the limit is reached, no further oil could be imported into the United States. In order to provide equity among users and regions, an allocation system would have to be initiated to distribute scarce petroleum supplies. Also price controls would be necessary to prevent windfall profits. If might be possible to manage a shortfall of about five to seven percent without major disruptions. Above that level, it is likely that lines would form at gasoline stations.
- o Set a limit on oil imports and auction off rights to import. Under this option, oil companies would bid for the allowed level of imports. If demand for imports were low, the bids would be negligible. If the import levels were approached or reached, the bids would be substantial. If that happened, oil prices would shoot up dramatically. In order to prevent windfall profits, prices would need to be regulated on the basis of auction payments for oil. For example, if \$2 billion were paid for the right to import oil, prices could increase by a similar but somewhat lower amount. This system would prevent windfall profits, while providing a market mechanism to help allocate scarce petroleum resources.
- o Set production limits on gasoline. Under this option, the seriousness of the energy problem would be demonstrated by setting limits on gasoline consumption. Gasoline consumption represents 40 percent of crude oil use and has greater potential for short-term conservation than most other petroleum uses. To administer such a program, an allocation system and price controls would be necessary. A limit on gasoline use would avoid the problems of driving up the cost of home heating oil or limiting its use during adverse weather conditions.

- o Close filling stations over weekends or alternate days. Although in theory gas station closings would not greatly limit access to gas, many believe the psychological impact of such a program would lead to very significant voluntary savings. It would dramatically bring home the problem the Nation faces in continually increasing gasoline use.

The option to set a limit on oil imports and auction off rights to imports appear to be the best option. It sets a limit on imports and allows market forces to help suppress demand. More detailed analysis is being undertaken on this alternative.

8/17
48 pages

THE WHITE HOUSE
WASHINGTON
August 22, 1977

Stu Eizenstat
Bert Lance

The attached was returned in the President's outbox and is forwarded to you for appropriate handling. The signed original has been forwarded to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Lipshutz
Bob Linder

RE: REDUCTION OF ADVISORY
COMMITTEES

X

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

August 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

BOB LIPSHUTZ

RAZ

RE:

Lance Memo on Reduction of
Advisory Committees

*cc Bert
Stu
Let's keep up our
effort to eliminate
these as reorgan-
ization effort
Continues
JC*

Attached is a memo from Bert Lance reporting on OMB's continuing efforts to reduce the number of advisory committees. Overall, with 176 additional reductions now agreed upon by the agencies, there will be a 40 percent reduction in the number of advisory committees.

In order to implement the most recent reductions, you need to:

- 1) sign the attached Executive Order abolishing five committees which were created by such an order, and
- 2) sign the attached memo to heads of agencies directing them to complete the agreed upon reductions.

We recommend that you sign both documents.

☒ Approve

☐ Disapprove

The agencies have also agreed that 19 committees created by statute should be abolished. OMB is preparing the necessary legislation to accomplish this reduction.

Jack Watson concurs. Stu Eizenstat had no comment.

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	
FYI	

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
/	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE HEADS OF
EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Advisory Committee Review

We have completed the reviews of Federal Advisory committees directed by my memoranda of February 25 and May 24, 1977.

I am pleased that, as a result of the actions recommended, the 1,189 advisory committees reviewed will be reduced by 480 or forty percent of the total. I commend you for your part in this effort to make the government more effective and efficient.

The actions necessary to carry out the recommended terminations and consolidations should be completed as soon as possible. In addition, you should continue to give your personal attention to assuring that committees are terminated when no longer necessary, and that new committees are established only when absolutely necessary.

Jimmy Carter

EXECUTIVE ORDER

- - - - -

TERMINATION OF CERTAIN PRESIDENTIAL
ADVISORY COMMITTEES

By virtue of the authority vested in me by the Constitution and statutes of the United States of America, and as President of the United States of America, in order to terminate certain advisory committees in accordance with the provisions of the Federal Advisory Committee Act (5 U.S.C. App. I), it is hereby ordered as follows:

Section 1. (a) The Citizens' Advisory Council on the Status of Women is terminated.

(b) Executive Order No. 11126 of November 1, 1963, as amended by Executive Order No. 11221 of May 6, 1965, is further amended as follows:

(1) Subsection (5) of Section 102 is revoked.

(2) Section 103, in order to delete a reference to the Council, is amended to read as follows:

"Annually the Committee shall transmit a report to the President concerning the status of women."

(3) Part II is revoked.

(4) The second sentence of Section 301, in order to delete references to the Council, is amended to read as follows:

"To the extent practical and to the extent permitted by law (1) all Executive agencies shall cooperate with the Committee and furnish it such information and assistance as may be necessary for the performance of its functions, and (2) the Secretary of Labor shall furnish staff, office space, office facilities and supplies, and other necessary assistance, facilities, and services for the Committee."

• Sec. 2. (a) The Citizens' Advisory Committee on Environmental Quality is terminated.

(b) Part II of Executive Order No. 11472 of May 29, 1969, as amended by paragraphs (7) and (8) of Section 4 of Executive Order No. 11514 of March 5, 1970, is revoked.

Sec. 3. (a) The Advisory Council for Minority Enterprise is terminated.

(b) Section 2 of Executive Order No. 11625 of October 13, 1971, is revoked.

Sec. 4. (a) The Consumer Advisory Council is terminated.

(b) Executive Order No. 11583 of February 24, 1971, is amended as follows:

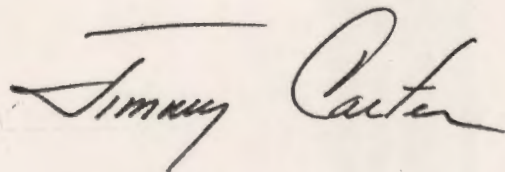
(1) The second sentence of subsection (b)(1) of Section 2 is amended by deleting "(including the Consumer Advisory Council established in section 5 of this order)".

(2) Section 5 is revoked.

Sec. 5. (a) The President's Advisory Board on International Investment is terminated.

(b) Executive Order No. 11962 of January 19, 1977, is revoked.

Sec. 6. Subsections (a), (g), (i), and (j) of Section 1 of Executive Order No. 11948 of December 20, 1976, which extended the above advisory committees until December 31, 1978, is superseded.

A handwritten signature in cursive script, reading "Jimmy Carter".

THE WHITE HOUSE,

MEMORANDUM FOR THE PRESIDENT

FROM: Bert Lance

SUBJECT: Report on the Reduction of Federal Advisory Committees

We have completed the second phase of your effort to reduce the number of Federal advisory committees. In the initial effort, which we reported to you on May 14, the agencies proposed a net reduction of 394 committees, which was 25% of the 1,189 in existence. After your follow-on memorandum to the agency heads an additional review was conducted, including discussions by my staff with selected agency leadership.

As a result of this second effort, a further reduction of 176 committees has been recommended. This, combined with the first set of recommendations, will represent an overall decrease of 480 advisory committees, or 40% of the total.

This reduction will be accomplished by termination (251 committees) and by consolidation (227 committees). The committees to be terminated included:

- 19 created by statute;
- 5 created by Executive order;
- 237 created by agency authority.

When all the actions necessary to accomplish these reductions are completed, 709 committees will be left.

The review has been careful and thorough. I believe the committees left are necessary to assure that the best advice possible is available to you and the agencies.

We have prepared for your signature a memorandum to the agencies directing them to complete the terminations and consolidations agreed upon. In addition, an Executive

Order to terminate five committees created by Presidential directive, and a proposed bill recommending to the Congress the termination of nineteen committees created by statute, are being prepared for your signature.

Attachments:

- Scorecard of committee reductions
 - Listing of committees recommended for termination or consolidation
 - Memorandum for the Heads of Executive Departments and Agencies
 - List of statutory committees recommended for termination
 - List of Executive Order-established committees to be terminated
-

SCORECARD OF ADVISORY COMMITTEE RECOMMENDATIONS

August 1977

1 of 3

NAME	NO. OF COMMITTEES			PERCENT REDUCTION
	REVIEWED	REDUCED	CONTINUED	
<u>Executive Office of the President:</u>				
Council on Environmental Quality.....	1	1	0	100%
Office of Management and Budget.....	3	3	0	100
Office of Science and Technology Policy.....	2	0	2	0
Office of the Special Trade Representative.....	1	0	1	0
Office of Telecommunications Policy.....	3	0	3	0
Council on International Economic Policy.....	1	1	0	100
Subtotal, EOP	11	5	6	46%
<u>Cabinet Departments:</u>				
Agriculture.....	110	78	32	71%
Commerce.....	91	8	83	9
Defense.....	63	27	36	43
Health, Education, and Welfare.....	352	100	252	28
Housing and Urban Development.....	2	1	1	50
Interior.....	49	13	36	26
Justice.....	10	4	6	40
Labor.....	25	7	18	28
State.....	39	22	17	56
Transportation.....	30	16	14	53
Treasury.....	27	17	10	63%
Subtotal, Cabinet	798	293	505	37%
<u>Agencies:</u>				
Administrative Conference of the U.S.	1	0	1*	0%
Agency for International Development.....	5	2	3	40
Civil Aeronautics Board.....	1	0	1	0

SCORECARD OF ADVISORY COMMITTEE RECOMMENDATIONS

2 of 3

NAME	NO. OF COMMITTEES			PERCENT REDUCTION
	REVIEWED	REDUCED	CONTINUED	
<u>Agencies (continued)</u>				
Commission of Fine Arts.....	1	0	1*	0%
Commodity Futures Trading Commission.....	1	0	1	0
Community Services Administration.....	1	0	1	0
Consumer Product Safety Commission.....	3	0	3	0
Energy Research & Development Administration.....	15	5	10	33
Environmental Protection Agency.....	16	6	10	38
Export-Import Bank of the U. S.	1	1	0	100
Federal Communications Commission.....	21	2	19	10
Federal Election Commission.....	1	0	1	0
Federal Energy Administration.....	14	1	13	7
Federal Home Loan Bank Board.....	2	1	1	50
Federal Mediation & Conciliation Service.....	2	1	1	50
Federal Power Commission.....	1	0	1	0
General Services Administration.....	18	5	13	28
Interstate Commerce Commission.....	1	0	1	0
National Aeronautics & Space Administration.....	29	16	13	55
National Credit Union Administration.....	1	0	1	0
National Endowment for the Arts.....	14	0	14	0
National Endowment for the Humanities.....	7	4	3	57
National Labor Relations Board.....	1	0	1	0
National Science Foundation.....	55	34	21	62
Nuclear Regulatory Commission.....	2	0	2	0
Railroad Retirement Board.....	1	0	1	0
Securities and Exchange Commission.....	3	1	2	33
Small Business Administration.....	67	55	12	82
U. S. Arms Control & Disarmament Agency.....	1	0	1	0
U. S. Civil Service Commission.....	4	1	3	25
U. S. Commission on Civil Rights.....	51	41	10	80
U. S. Information Agency.....	1	0	1	0
Veterans Administration.....	28	5	23	18
Subtotal, Agencies	370	181	189	49%

SCORECARD OF ADVISORY COMMITTEE RECOMMENDATIONS

3 of 3

NAME	NO. OF COMMITTEES			PERCENT REDUCTION
	REVIEWED	REDUCED	CONTINUED	
Selected Committees, Commissions and Councils:				
Advisory Committee on Federal Pay.....	1	0	1*	0%
Architectural & Transportation Barriers Compliance Board.....	1	0	1	0
Federal Employee Pay Council.....	1	0	1	0
Joint Board for the Enrollment of Actuaries.....	1	0	1	0
Marine Mammal Commission.....	1	0	1	0
National Commission on Electronic Fund Transfers...	1	0	1*	0
National Commission on New Technological Uses of Copyrighted Works.....	1	0	1*	0
National Study Commission on Records & Documents of Federal Officials.....	1	0	1	0
Privacy Protection Study Commission.....	1	0	1*	0
U. S. Water Resources Council.....	<u>1</u>	<u>1</u>	<u>0</u>	<u>100</u>
Subtotal, Selected Committees....	10	1	9	10%
TOTAL, ALL COMMITTEES.....	<u>1,189</u>	<u>480</u>	<u>709</u>	<u>40%</u>

* Each of these is, itself, the advisory committee under consideration.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Advisory Committee Review

We have completed the reviews of Federal Advisory committees directed by my memoranda of February 25 and May 24, 1977.

I am pleased that, as a result of the actions recommended, the 1,189 advisory committees reviewed will be reduced by 480 or forty percent of the total. I commend you for your part in this effort to make the government more effective and efficient.

The actions necessary to carry out the recommended terminations and consolidations should be completed as soon as possible. In addition, you should continue to give your personal attention to assuring that committees are terminated when no longer necessary, and that new committees are established only when absolutely necessary.

Jimmy Carter

COMMITTEES ESTABLISHED BY STATUTE
RECOMMENDED FOR TERMINATION

Department of Health, Education, and Welfare:

Advisory Council on Environmental Education
Board of Tea Experts

Federal Hospital Council

Health Insurance Benefits Advisory Council

National Advisory Council on Nurse Training

Program Review Team for Arkansas

" " " " California

" " " " Florida

" " " " Kansas

" " " " Massachusetts

" " " " Michigan

" " " " New York

" " " " Pennsylvania

" " " " Utah

" " " " Washington

Rape Prevention and Control Advisory Committee

Department of Housing and Urban Development:

National Insurance Development Program Advisory Board

Export-Import Bank of the United States:

Advisory Committee to the Export-Import Bank of the
United States

Veterans Administration:

Administrator's Advisory Committee on Cemeteries and
Memorials

COMMITTEES ESTABLISHED BY EXECUTIVE ORDER
TO BE TERMINATED

1. Citizens' Advisory Committee on Environmental Quality (Council on Environmental Quality)
2. President's Advisory Board on International Investment (Council on International Economic Policy)
3. Advisory Council for Minority Enterprise (Department of Commerce)
4. Consumer Advisory Council (Department of Health, Education and Welfare)
5. Citizens' Advisory Council on the Status of Women (Department of Labor)

ADVISORY COMMITTEES RECOMMENDED
FOR TERMINATION OR CONSOLIDATION

Agencies

Terminations

Council on Environmental
Quality

Citizens Advisory Committee on
Environmental Quality

Office of Management
and Budget

American Statistical Association
Advisory Committee on Statistical
Policy

Business Advisory Council on Federal
Reports

Labor Advisory Committee on Statistics

Council on International
Economic Policy

President's Advisory Board on
International Investment

Agency

Department of
Agriculture

Termination

Advisory Committee for the U.S.
Meat Animal Research Center

Advisory Committee on Grains - Wheat,
Feed Grains and Soybeans

Advisory Committee on Hog Cholera
Eradication

Advisory Committee on Nutrition
Evaluation

Advisory Committee on Poultry Health

Advisory Committee on Regulatory
Programs

Advisory Committee on Salmonella

Advisory Committee to the Forest
Service, California Region

Apache National Forest Grazing
Advisory Board

APHIS Consumer Advisory Committee

Bighorn National Forest Grazing
Advisory Board

Boise National Forest Grazing
Advisory Board

Caddo National Grasslands Grazing
Advisory Board

Caribou National Forest Grazing
Advisory Board

Carrizo Grazing Advisory Board

Cattle Industry Advisory Committee

Challis National Forest Grazing
Advisory Board

Cibola National Forest Grazing

Advisory Board

Citizens Advisory Committee on
Civil Rights

Coconino National Forest Grazing
Advisory Board

Combined Forest Pest R&D Program
Board

Commodity Credit Corporation
Advisory Board

Condor Advisory Committee

Deschutes National Forest Multiple
Use Advisory Committee

Deschutes National Forest Cattlemen's
and Woolgrowers Advisory Board

Forest Research Advisory Committee

Fremont National Forest Grazing
Advisory Board

Gila National Forest Grazing
Advisory Board

Gunnison Valley Forest Grazing
Advisory Board

Humboldt National Forest Grazing
Advisory Board

Joint American Statistical Association - American Agricultural
Economics Association Advisory
Committee on Agricultural Statistics

Klamath National Forest Grazing
Advisory Board

Lyndon B. Johnson National Grasslands
Advisory Board

Malheur National Forest Grazing
Advisory Board

Manti-LaSal National Forest - Manti
Division Grazing Advisory Board

Medicine Bow National Forest Grazing
Advisory Board

Miguel District National Forest
Grazing Advisory Board

Modoc National Forest Grazing
Advisory Board

Montezuma Section, San Juan Grazing
Advisory Board

National Advisory Committee on Safety
in Agriculture

National Consumer Advisory Committee

National Cotton Advisory Committee

National Peanut Advisory Committee

National Rice Advisory Committee

National Tobacco Advisory Committee

Nebraska National Forest Grazing
Advisory Board

North Kaibab Grazing Advisory Board

Northeastern Forest Research Advisory
Committee

Ochoco National Forest Grazing
Advisory Board

Oregon Dunes National Recreation
Area Advisory Council

Ottawa National Forest Multiple Use
Advisory Committee

Ouray District Grazing Advisory
Board

Perishable Agricultural Commodities
Act - Industry Advisory Committee

Prescott National Forest Grazing
Advisory Board

Public Advisory Committee on Soil and
Water Conservation

Rio Grande National Forest Grazing
Advisory Board

Rouett National Forest Grazing
Advisory Board

Samuel R. McKelvie National Forest
Grazing Advisory Board

San Isabel National Forest Grazing
Advisory Board

San Juan Section, San Juan Grazing
Advisory Board

Santa Fe National Forest Grazing
Livestock Advisory Board

Sawtooth National Forest Multiple Use
Advisory Committee

Shoshone National Forest Livestock
Advisory Board

Sitgreaves National Forest Grazing
Advisory Board

South Kaibab Forest Grazing
Advisory Board

Spearfish District Grazing Advisory
Board

Stanislaus Forestwide Livestock
Advisory Board

Superior National Forest Advisory
Committee

Taos - Penasco - Questa Division

Grazing Advisory Board

Tierra Amarilla Division Grazing
Advisory Board

Timpas Unit Grazing Advisory Board

Tonto National Forest Grazing
Advisory Board

Uinta National Forest Grazing
Advisory Board

Umatilla National Forest Grazing
Advisory Board

Union County Grazing Advisory
Board

Willowa-Whitman National Forest
Grazing Advisory Board

White Mountain National Forest
Grazing Advisory Board

Winema National Forest Grazing
Advisory Board

Department of Commerce

Advisory Council for Minority
Enterprise

Census Advisory Committee on State
and Local Area Statistics

CTAB Panel on Energy Policy

FIPS Task Group 15 - Computer Systems
Security

Industry Advisory Committee on
Metal Scrap Problems

National Industrial Energy
Council

Secretary's Advisory Council

Semiconductor Manufacturing and
Test Equipment Technical Advisory
Committee

AgencyTerminations

Department of Defense

Advisory Committee on the Design and Construction of Shelters

Advisory Group on the Utilization of Gravimetric Data

Advisory Panel on DOD Educational Programs

Chemical Propulsion Advisory Committee

Chief of Naval Operations Command and Control and Communications (C3) Advisory Committee

Commandant's Advisory Committee on Marine Corps History

Defense Industry Advisory Group Europe

High Energy Laser Review Group

Junior Science and Humanities Symposia Advisory Committee

Naval Weapons Center Advisory Committee

Secretary of Defense Design Awards Jury

Secretary of Defense Natural Resources Conservation Award Selection Committee

Secretary of the Navy's Oceanographic Advisory Committee

Special Commission on the U.S. Military Academy

Underwater Sound Advisory Committee

U.S. Army Tank Automotive Command Scientific Advisory Group

Consolidations

DOD

Academic Advisory Board to the
Superintendent U.S. Naval Academy
Board of Advisors to the Superintendent,
Naval Postgraduate School
Board of Advisors to the President,
Naval War College
Secretary of the Navy's Advisory Board on
Education and Training
(Consolidate into one committee)

Advisory Committee on the Air
Force Historical Program
Department of the Army Historical
Advisory Committee
Secretary of the Navy's Advisory
Committee on Naval History
(Consolidate into one DOD Histori-
cal Advisory Panel)

Air Force ROTC Advisory Panel.
Air University Board of Visitors
(Consolidate into one new com-
mittee)

Ballistic Missile Defense Technology Advisory
Panel
Scientific Advisory Committee of the Ballistic
Research Laboratories
Scientific Advisory Group of the U.S. Army
Missile Command
(Consolidate into Army Scientific Advisory
Panel)

Board of Visitors, National
Defense University.
Board of Visitors, Defense Intelligence
School
(Consolidate into one committee)

U.S. Army Military History Research Collection
Advisory Committee
(Consolidate into Department of the Army
Historical Advisory Committee)

AgencyTerminations

Department of Health,
Education, and Welfare

Ad Hoc Committee on Reserpine and
Breast Cancer

Advisory Council on Environmental
Education

Board of Tea Experts

Carcinogenesis Scientific Advisory
Committee

Commission for the Control of Epilepsy
and its Consequences

Commission for the Control of Hunt-
ington's Disease and its Consequences

Committee on Mental Health and Illness
of the Elderly

Comprehensive Sickle Cell Centers
Ad Hoc Review Committee

Computer and Biomathematical Sciences
Study Section

Consulting Group on Welfare Reform

Consumer Advisory Council

Cooperative Health Statistics
Advisory Committee

Diagnostic Products Advisory Committee

Diet, Nutrition and Cancer Program
Advisory Committee

Drinking Water Disinfection Ad Hoc
Advisory Committee

Federal Hospital Council

Health Insurance Benefits Advisory
Council

Interagency Committee on Federal

Activities for Alcohol Abuse and
Alcoholism

Long-term Care Advisory Committee

Medical Laboratory Sciences Review
Committee

National Advisory Committee on the
Handicapped

National Advisory Council on Health
Manpower Shortage Areas

National Advisory Council on
Nurse Training

National Advisory Food and Drug
Committee

National Advisory Health Council

National Advisory Public Health
Training Council

Nursing Research and Education
Advisory Committee

Panel on Review of Cold, Cough,
Allergy, Bronchodilator and
Antiasthmatic Drugs

Panel on Review of Laxative, Anti-
diarrheal, Antiemetic, and Emetic
Drugs

Panel on Review of Sedative,
Tranquilizer, and Sleep Aid
Drugs

Panel on Review of Skin Test Antigens

Panel on Review of Topical Analgesic
Including Antirheumatic, Otic, Burn,
and Sunburn Treatment and Prevention
Drugs

President's Commission on Olympic
Sports

Program Review Team for the State
of Arkansas

Program Review Team for the State
of California

Program Review Team for the State
of Florida

Program Review Team for the State
of Kansas

Program Review Team for the State
of Massachusetts

Program Review Team for the State
of Michigan

Program Review Team for the State
of New York

Program Review Team for the State
of Pennsylvania

Program Review Team for the State
of Utah

Program Review Team for the State
of Washington

Rape Prevention and Control
Advisory Committee

Rehabilitation Services National
Advisory Committee

Review Panel on New Drug Regulation

Science Advisory Board to the
National Center for Toxicological
Research

Student Financial Assistance Study
Group

Temporary Cancer Institutional
Fellowship Review Committee

Temporary Review Committee for
Frederick Cancer Research Center

Tobacco Working Group

Toxicology Advisory Committee

Tuberculosis Control Advisory
Committee

Virus Cancer Program Advisory
Committee

Consolidations

Panel on Basic Skills
Panel on Education and Work
Panel on School Capacity for
Problem Solving
(Consolidate into one committee)

Anesthesiology Advisory
Committee
Anesthesiology Advisory Device
Classification Panel
(Consolidate into one committee)

Animal Resources Advisory
Committee
Primate Research Centers Advisory
Committee
(Consolidate into one committee)

Biological Sciences Training
Review Committee
Psychological Sciences Training
Review Committee
Psychological Sciences Fellowship
Committee
Social Sciences Training Review
Committee;
(Consolidate into one committee)

Breast Cancer Diagnosis Committee
Breast Cancer Epidemiology Com-
mittee
Breast Cancer Experimental Biology
Committee
Breast Cancer Treatment Committee
(Consolidate into one committee)

Cancer and Nutrition Scientific
Review Committee
Diet and Cancer Scientific Review
Committee.
(Consolidate into one Committee)

Carcinogenesis Program Scientific
Review Committee A
Carcinogenesis Program Scientific
Review Committee B
(Consolidate into one committee)

Cardiovascular and Renal Advisory
Committee
Cardiovascular Device Classification
Panel
(Consolidate into one committee)

Clinical Chemistry Device Classi-
fication Panel
Clinical Toxicology Device Classi-
fication Panel
Pathology Device Classification
Panel.
(consolidate into one committee)

Clinical Program - Projects
Research Review Committee
Clinical Projects Research
Review Committee
(Consolidate into one committee)

Clinical Psychopharmacology Research
Review Committee
Preclinical Psychopharmacology
Research Review Committee
(Consolidate into one committee)

Community Education Advisory
Council
National Advisory Council on
Adult Education
(Consolidate into National Advisory
Council on Vocational Education)

Continuing Education Review
Committee
Experimental and Special Training
Review Committee
(Consolidate into one committee)

Controlled Substances Advisory
Committee
FDA/NIDA Drug Abuse Research
Advisory Committee
(Consolidate into one committee)

Dental Device Classification
Panel
Dental Drug Products Advisory

Committee
(Consolidate into one committee)

Developmental Therapeutics
Committee
Ear, Nose, and Throat Device
Classification panel
(Consolidate into one committee)

Diagnostic Products Advisory
Committee
Diagnostic Research Advisory
Group
(Consolidate into one committee)

Drug Abuse Demonstration Review
Committee
Drug Abuse Prevention Review
Committee
(Consolidate into one committee)

Gastroenterological and Urological
Device Classification Panel
Gastrointestinal Drugs Advisory
Committee
(Consolidate into one committee)

General and Plastic Surgery Device
Classification Panel
Surgical Drugs Advisory Committee
(Consolidate into one committee)

Juvenile Problems Research Review
Committee
Social Problems Research Review
Committee
Epidemiologic Studies Review
Committee
(Consolidate into one committee)

Medical Radiation Advisory
Committee
Radiological Device Classification
Panel
(Consolidate into one committee)

National Advisory Council on
Bilingual Education
National Advisory Council on the

Education of Disadvantaged
Children
National Advisory Council on
Equality of Educational
Opportunity
(Consolidate into one committee)

National Bladder Cancer Project
Working Cadre
National Prostatic Cancer Project
Working Cadre
(Consolidate into one committee)

National Large Bowel Cancer Project
Working Cadre
National Pancreatic Cancer Project
Working Cadre
(Consolidate into one committee)

Neurologic Drugs Advisory
Committee
Neurological Device Classi-
fication Panel
Psychopharmacological Agents Advisory
Committee
(Consolidate into one committee)

Experimental Psychology Research
Review Committee
Neuropsychology Research Review
Committee
(Consolidate into one committee)

Obstetrical and Gynecological
Device Classification Panel
Obstetrics and Gynecology Advisory
Committee
(Consolidate into one committee)

Ophthalmic Device Classification
Panel
Ophthalmic Drugs Classification
Panel
(Consolidate into one committee)

Paraprofessional Manpower Develop-
ment Review Committee
Psychiatric Nursing Education
Review Committee

Psychiatry Education Review
Committee
Psychology Education Review
Committee
Social Work Education Review
Committee
(Consolidate into one committee)

Personality and Cognition Research
Review Committee
Social Sciences Research Review
Committee
(Consolidate into one committee)

President's Committee on Mental
Retardation
National Advisory Council on
Services and Facilities for
the Developmentally Disabled
(Consolidate into one committee)

Virus Cancer Program Scientific
Review Committee A
Virus Cancer Program Scientific
Review Committee B
(Consolidate into one committee)

<u>Agency</u>	<u>Terminations</u>
Department of Housing and Urban Development	National Insurance Development Program Advisory Board
Department of the Interior	Advisory Board on National Parks, Historic Sites, Buildings, and Monuments
	Advisory Board on the San Jose Mission National Historical Site
	Advisory Committee on Coal Mine Safety Research
	Committee on Minority Participation in Earth Science and Mineral Engineering
	Federal Metal and Nonmetal Mine Safety Advisory Committee
	Hot Springs National Park Examining Board for Technicians
	Hot Springs National Park Registration Board
	Industry Advisory Committee to the Defense Electric Power Administration
	National Advisory Board for Wild Free-Roaming Horses and Burros

Consolidations

Committee for the Recovery of
Archeological Remains

Consulting Committee for the
National Survey of Historic
Sites and Buildings

Historic American Buildings
Survey Advisory Board

Historic American Engineering
Record Advisory Committee

(To be consolidated into one
new committee)

Office of Water Research and Technology
Advisory Panel

Water Research and Education Advisory
Committee

(Consolidate into one committee)

AgencyTerminations

Department of Justice

Committee on the Selection of the
Director of the Federal Bureau of
InvestigationNational Advisory Committee on
Criminal Justice Standards and
Goals

Private Security Advisory Council

Security and Confidentiality
Committee (NCIC Advisory Policy
Board)

Department of Labor

Advisory Committee on Longshoring
Safety and HealthAdvisory Committee on Sheltered
WorkshopsAdvisory Committee on Women to
the Secretary of LaborCitizen's Advisory Council on the
Status of WomenFederal Advisory Committee on
Affirmative Action in Employment
at Institutions of Higher EducationFederal Advisory Council on Employ-
ment ServiceStandards Advisory Committee on
Agriculture

Department of State

Advisory Panel on International
LawGovernment Advisory Committee on
International Book and Library
ProgramsNorthwest Atlantic Fisheries
Advisory Committee

U.S. CCIR Study Group 3

U.S. CCITT Study Group 2

Consolidations

Advisory Panel on Academic Music
Advisory Panel on Folk Music and
Jazz

Advisory Committee on Music
(To be consolidated into one
committee)

United States CCIR National Committee
(International Radio Consultative
Committee), Study Groups 1 through
11 except 3, and Study Group CMTT (Tele-
vision and Sound Transmission)
(To be consolidated into one committee)

United States CCITT National Committee
(International Telegraph and Tele-
phone Consultative Committee),
Study Groups 1 through 5 except 2,
(To be consolidated into one committee)

Agency

Department of
Transportation

Terminations

Advisory Committee on Transportation
Related Signs and Symbols

Citizen's Advisory Committee on
Aviation

Citizens Advisory Committee on
Transportation Quality

Civil Reserve Air Fleet Advisory
Committee

Flight Information Advisory
Committee

Microwave Landing System (MLS)
Advisory Committee

National Motor Vehicle Safety
Advisory Council

National Offshore Operations
Industry Advisory Committee

Obstacle Clearance Requirements
Advisory Committee for the U.S.

St. Lawrence Seaway Development
Corporation Advisory Board

Southern Region Air Traffic Control
Advisory Committee

Technical Pipeline Safety Standards
Committee

Towing Industry Advisory Committee

U.S. Advisory Committee on Visual
Aids to Approach and Landing

U.S. Terminal Instrument Procedures
Advisory Committee

Youth Highway Safety Advisory
Committee

Agency

Department of the
Treasury

Terminations

Advisory Committee on Distilled
Spirits Plant Supervision

Advisory Committee on Private
Philanthropy and Public Needs

Regional Advisory Committees on
Banking Policies and Practices,
First through Fourteenth National
Bank Regions

Consolidations

Small Business Advisory Committee
on Economic Policy

Small Business Advisory Committee
to the Commissioner of Internal
Revenue

(Consolidate into one committee)

Agency

AGENCY FOR INTER-
NATIONAL DEVELOPMENT

ENERGY RESEARCH AND
DEVELOPMENT ADMINI-
STRATION

Terminations

Engineering, Architectural and
Construction Industry Advisory
Committee

Agricultural and Rural Sector
Planning Advisory Committee

Advisory Panel for Review of the
Laser Isotope Separation Program

Historical Advisory Committee

Procurement Policy Advisory Committee

Task Force on Demonstration Projects
as a Commercialization Incentive

Liquid Metal Fast Breeder Reactor
(LMFBR) Steering Committee

Terminations

ENVIRONMENTAL PROTECTION
AGENCY

Environmental Radiation Exposure
Advisory Committee

Consolidations

Ecology Advisory Committee
Environmental Health Advisory
Committee
Environmental Measurements Advisory
Committee
Environmental Pollutant Movement and
Transformation Advisory Committee
Technology Assessment and Pollution
Control Advisory Committee
(Consolidate with Science Advisory
Board)

Agency

EXPORT-IMPORT BANK
OF THE U. S.

FEDERAL COMMUNICATIONS
COMMISSION

Terminations

Advisory Committee to the Export-
Import Bank of the United States

WARC Advisory Committee for High
Frequency Fixed

Consolidations

Advisory Committee for Maritime
Mobile Service
(Consolidate into Radio Technical
Commission for Marine Services)

Terminations

FEDERAL ENERGY
ADMINISTRATION

Transportation Advisory Committee

FEDERAL HOME LOAN
BANK BOARD

Advisory Committee on the Alternative
Mortgage Instruments Research Study

FEDERAL MEDIATION AND
CONCILIATION SERVICE

Health Care Industry Labor-
Management Advisory Committee

GENERAL SERVICES
ADMINISTRATION

Regional Archives Advisory Councils,
Regions 2, 3, 4, 7, and 9

NATIONAL AERONAUTICS AND
SPACE ADMINISTRATION

Ad Hoc Advisory Subcommittee for
Evaluation of Applications
Explorer Mission-B/Stratospheric
Experiment Proposals

Atmospheric Cloud Physics Laboratory
Advisory Subcommittee

Earth Dynamics Advisory Subcommittee

Ocean Dynamics Advisory Subcommittee

Space Systems Committee (SPAC)

Ad Hoc Advisory Subcommittee to
Review Proposals for a Payload for
the Terrestrial Bodies Orbiter
(Lunar)

Space Technology Steering Committee
and Research and Technical Advisory
Council LDEF Experiment Review, Ad
Hoc Advisory Subcommittee

Consolidations

Research and Technology Advisory
Council (RTAC)
Panel on Research
Space Program Advisory Council
(Consolidate into NASA Advisory
Council)

Committee on Aerodynamics and
Configurations
Committee on Aeronautical
Propulsion
Committee on Guidance, Control
and Information Systems
Committee on Materials and
Structures
Panel on Aviation Safety and
Operating Systems
Ad Hoc Panel on Terminal Con-
figured Vehicles
Panel on General Aviation
Technology
(Consolidate into Aeronautics
Advisory Committee)

Committee on Space Propulsion and
Power
Panel on Space Vehicles
(Consolidate into Space Systems
and Technology Advisory Committee)

Agency

NATIONAL ENDOWMENT FOR
THE HUMANITIES

Education Panel
Fellowships Panel
Planning Office Panel

Agency

NATIONAL SCIENCE
FOUNDATION

Terminations

Ad Hoc Applications Panel for the
Very Large Array

Advisory Committee for Research

Advisory Committee on Ethical
and Human Value Implications
in Science and Technology

Advisory Panel for Atmospheric
Sciences

Advisory Panel for Weather
Modification

Science Applications Task Force

Science Information Activities
Task Force

Special Advisory Committee on
the Sacramento Peak Observatory

Utility Advisory Panel

Agency

NATIONAL SCIENCE
FOUNDATION

Consolidations

Advisory Panel for Anthropology
 Advisory Panel for Developmental
 Biology
 Advisory Panel for Ecological
 Sciences
 Advisory Panel for Economics
 Advisory Panel for Genetic Biology
 Advisory Panel for History and
 Philosophy of Science
 Advisory Panel for Human Cell Biology
 Advisory Panel for Human Geo-
 graphy and Regional Science
 Program
 Advisory Panel for Law and
 Social Sciences
 Advisory Panel for Linguistics
 Advisory Panel for Memory and
 Cognitive Processes
 Advisory Panel for Metabolic
 Biology
 Advisory Panel for Molecular
 Biology
 Advisory Panel for Neurobiology
 Advisory Panel for Political
 Science
 Advisory Panel for Psychobiology
 Advisory Panel for Population
 Biology and Physiological
 Ecology
 Advisory Panel for Regulatory
 Biology
 Advisory Panel for Sensory Physiology
 and Perception
 Advisory Panel for Social and
 Developmental Psychology
 Advisory Panel for Sociology
 Advisory Panel for Systematic
 Biology
 (Consolidate into four new
 committees)

Advisory Panel for Oceanography
 Project Support
 International Decade of Ocean
 Exploration Proposal Review
 Panel
 (Consolidate into one new

committee)

Advisory Panel for Computer
Science and Engineering
Advisory Panel for Electrical
Sciences and Analyses
Advisory Panel for Engineering
Chemistry and Energetics
Advisory Panel for Engineering
Mechanics
Advisory Panel for Mathematical
Sciences
Advisory Panel for Metallurgy
and Materials
Advisory Panel for Materials
Research Laboratories
National Magnet Laboratory
Visiting Committee
(Consolidate into three new
committees)

Advisory Panel on Public
Understanding of Science
Science for Citizens Advisory
Committee
(Consolidate into one new
committee)

Agency

SECURITIES AND EXCHANGE
COMMISSION

SMALL BUSINESS
ADMINISTRATION

Terminations

Advisory Committee on Corporate
Disclosure

Marshall District Advisory Council

Task Force on Equity and Venture
Capital for Small Business

Consolidations

Albuquerque District Advisory Council
Anchorage District Advisory Council
Atlanta District Advisory Council
Augusta District Advisory Council
Baltimore District Advisory Council
Birmingham District Advisory Council
Boise District Advisory Council
Boston District Advisory Council
Casper District Advisory Council
Charlotte District Advisory Council
Chicago District Advisory Council
Clarksburg District Advisory Council
Cleveland District Advisory Council
Columbia District Advisory Council
Columbus District Advisory Council
Concord District Advisory Council
Dallas District Advisory Council
Denver District Advisory Council
Des Moines District Advisory Council
Detroit District Advisory Council
Fargo District Advisory Council
Hartford District Advisory Council
Hato Rey District Advisory Council
Helena District Advisory Council
Honolulu District Advisory Council
Houston District Advisory Council
Indianapolis District Advisory Council
Jackson District Advisory Council
Jacksonville District Advisory Council
Kansas City District Advisory Council
Las Vegas District Advisory Council
Little Rock District Advisory Council
Los Angeles District Advisory Council
Louisville District Advisory Council

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Agency

SECURITIES AND EXCHANGE
COMMISSION

SMALL BUSINESS
ADMINISTRATION

Terminations

Advisory Committee on Corporate
Disclosure

Marshall District Advisory Council

Task Force on Equity and Venture
Capital for Small Business

Consolidations

Albuquerque District Advisory Council
Anchorage District Advisory Council
Altanta District Advisory Council
Augusta District Advisory Council
Baltimore District Advisory Council
Birmingham District Advisory Council
Boise District Advisory Council
Boston District Advisory Council
Casper District Advisory Council
Charlotte District Advisory Council
Chicago District Advisory Council
Clarksburg District Advisory Council
Cleveland District Advisory Council
Columbia District Advisory Council
Columbus District Advisory Council
Concord District Advisory Council
Dallas District Advisory Council
Denver District Advisory Council
DesMoines District Advisory Council
Detroit District Advisory Council
Fargo District Advisory Council
Hartford District Advisory Council
Hato Rey District Advisory Council
Helena District Advisory Council
Honolulu District Advisory Council
Houston District Advisory Council
Indianapolis District Advisory Council
Jackson District Advisory Council
Jacksonville District Advisory Council
Kansas City District Advisory Council
Las Vegas District Advisory Council
Little Rock District Advisory Council
Los Angeles District Advisory Council
Louisville District Advisory Council

Lower Rio Grande Valley District
 Advisory Committee
 Lubbock District Advisory Council
 Madison District Advisory Council
 Marshall District Advisory Council
 Miami District Advisory Council
 Minneapolis District Advisory Council
 Montpelier District Advisory Council
 Nashville District Advisory Council
 New Orleans District Advisory Council
 New York District Advisory Council
 Newark District Advisory Council
 Oklahoma City District Advisory Council
 Philadelphia District Advisory Council
 Phoenix District Advisory Council
 Pittsburgh District Advisory Council
 Portland District Advisory Council
 Providence District Advisory Council
 Richmond District Advisory Council
 Salt Lake City District Advisory
 Committee
 San Antonio District Advisory Council
 San Diego District Advisory Council
 San Francisco District Advisory Council
 Seattle District Advisory Council
 Sioux Falls District Advisory Council
 Spokane District Advisory Council
 St. Louis District Advisory Council
 Syracuse District Advisory Council
 Washington District Advisory Council
 Wichita District Advisory Council
 (Consolidate into 10 regional
 committees)

Agency

U.S. CIVIL SERVICE
COMMISSION

U.S. COMMISSION ON CIVIL
RIGHTS

Terminations

Advisory Committee on Administrative
Law Judges

Consolidations

Alabama State Advisory Committee
 Alaska State Advisory Committee
 Arizona State Advisory Committee
 Arkansas State Advisory Committee
 California State Advisory Committee
 Colorado State Advisory Committee
 Connecticut State Advisory Committee

Delaware State Advisory Committee
District of Columbia State Advisory
Committee

Florida State Advisory Committee
Georgia State Advisory Committee
Hawaii State Advisory Committee
Idaho State Advisory Committee
Illinois State Advisory Committee
Indiana State Advisory Committee
Iowa State Advisory Committee
Kansas State Advisory Committee
Kentucky State Advisory Committee
Louisiana State Advisory Committee
Maine State Advisory Committee
Maryland State Advisory Committee
Massachusetts State Advisory Committee
Michigan State Advisory Committee
Minnesota State Advisory Committee
Mississippi State Advisory Committee
Missouri State Advisory Committee
Montana State Advisory Committee
Nebraska State Advisory Committee
Nevada State Advisory Committee
New Hampshire State Advisory
Committee

New Jersey State Advisory Committee
New Mexico State Advisory Committee
New York State Advisory Committee
North Carolina State Advisory Committee
North Dakota State Advisory Committee
Ohio State Advisory Committee
Oklahoma State Advisory Committee
Oregon State Advisory Committee
Pennsylvania State Advisory Committee
Rhode Island State Advisory Committee
South Carolina State Advisory Committee
South Dakota State Advisory Committee
Tennessee State Advisory Committee
Texas State Advisory Committee
Utah State Advisory Committee
Vermont State Advisory Committee
Virginia State Advisory Committee
Washington State Advisory Committee
West Virginia State Advisory Committee
Wisconsin State Advisory Committee
Wyoming State Advisory Committee
(Consolidate into 10 Regional
Committees)

Terminations

VETERANS ADMINISTRATION

Advisory Committee on Cemeteries
and Memorials

Career Development Committee

Chief Medical Director's Ad Hoc
Advisory Committee on Spinal
Cord Injury

Consolidations

Geriatric Research and Clinical
Centers Advisory Committee
(Consolidate into VA Special
Medical Advisory Group)

Health Manpower Training Assistance
Review Committee
Medical School Assistance Review
Committee
(Consolidate into one new committee)

Agency

U.S. WATER RESOURCES
COUNCIL

Terminations

Standing State Advisory Committee

THE WHITE HOUSE
WASHINGTON

file
subsumed under
8/17/77 house
memo
RL

THE WHITE HOUSE
WASHINGTON

Ch
May Shumway

Date: February 28, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat

FOR INFORMATION: The Vice President
Bob Lipshutz

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Secretary of the Treasury memo 2/25/77 re
Review of Treasury Advisory Committees.

*waiting
for all
them*

May Shumway

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 4:00 P.M.

DAY: Wednesday

DATE: March 2, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment

Please note other comments below:

Shouldn't we hold this for overall report?

Overall
for overall
per
Hold
for
Si
Layman

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone: 7050)



THE SECRETARY OF THE TREASURY
WASHINGTON

"FYI"

FEB 25 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Review of Treasury Advisory Committees

Of our 27 Advisory Committees we will terminate 16 and continue 8 for an estimated annual cost reduction from \$270,000 to \$180,000. Three committees at a \$55,000 annual cost are still under intensive review. See attached summary list.

We have strictly applied your three criteria--compelling need, balanced membership and openness to the public. We have also tightened central control to insure that new or renewed Advisory Committees meet these criteria.

We plan to broaden the balance of viewpoints and ethnic and sex composition of those committees we are continuing. Women currently equal 5 percent and minorities 5 percent of the total members.

We will respond to OMB in detail when we receive its instructions.

Finally, we recommend eliminating the Assay Commission, created by Congress in 1792, and will support a Congressional initiative to accomplish that.

Mike

W. Michael Blumenthal

Attachment

TREASURY ADVISORY COMMITTEES

Terminate:

1. 14 Banking Policies and Practices Regional Advisory Committees
2. Bureau of Alcohol, Tobacco and Firearms Distilled Spirits Plants Supervision Advisory Committee
3. Internal Revenue Small Business Advisory Committee

Under Review:

1. Private Philanthropy and Public Needs Advisory Committee
2. Advisory Committee on Explosives Tagging
3. Technical Subcommittee to Advisory Committee on Explosives Tagging

Continue:

1. National Advisory Committee on Banking Policies and Practices
2. Federal Consolidated Financial Statements Advisory Committee
3. Art Advisory Panel of the Commissioner of Internal Revenue
4. Commissioner of Internal Revenue Advisory Group
5. Small Business Advisory Committee on Economic Policy
6. Reform of International Monetary System Advisory Committee
7. Government Borrowing Committee of the American Bankers Association
8. Government Securities and Federal Agencies Committee of the Public Securities Association

THE WHITE HOUSE

WASHINGTON

August 22, 1977

EYES ONLY

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Cabinet Summaries

The attached were returned in the President's
outbox and are forwarded to you for your
personal information.

Rick Hutcheson

Attachments from
Commerce, CEQ, Justice,
HEW, GSA, Labor, CEA,
HUD, UN, Treasury,
Transportation, Agriculture,
STR.

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

eyes only

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

1

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

August 19, 1977

RE:

Summaries for the Week of August 15 -
19, 1977

I am attaching summaries received from the following:

Agriculture
Commerce
CEQ
Defense
GSA
HEW
Interior (nothing to report)
Justice
Labor
STR
Transportation
Treasury
UN
HUD
CEA

CC: The Vice President

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THE PRESIDENT HAS SEEN.
THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

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August 19, 1977

"FYI"

REPORT TO THE PRESIDENT

Commitment to Minority Business Enterprise: An Update

The availability of construction loans and bonding services to minority firms is especially critical to the implementation of the ten percent set-aside provision in the Local Public Works Program. To assess problems and needed corrective actions in this area, we have arranged for a 10:00 a.m. White House meeting on Friday, August 26, with thirty key representatives of surety companies, lending institutions, and the construction industry. This meeting will be chaired by Jack Watson and include presentations by representatives of the Department of Commerce and the Small Business Administration on their joint working capital and bonding assistance programs for minority businesses.

Transfer of Federal Statistical Policy Functions

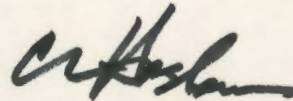
Plans are proceeding smoothly for the transfer of the OMB Statistical Policy Division to the Department of Commerce, as directed in Reorganization Plan #1. We welcome this additional responsibility and will concentrate our efforts on improving the coordination and integration of Federal statistical activities, so as to meet expanding requirements for statistical accuracy and detail without imposing new paperwork burdens. Better statistical services are especially critical to the equitable allocation of Federal funds to States and localities, as well as to cost-of-living adjustments in an increasing number of public and private benefit programs.

Bethlehem Steel Plan to Cutback Lackawanna Plant

On Thursday, Bethlehem Steel announced plans for a major cutback at its plant in Lackawanna, N.Y., involving a reduction of 3,500 in the plant's workforce. This afternoon I received a call from Governor Carey's office on this matter and was able to arrange for a team from the Economic Development Administration (EDA) to meet with appropriate State and local officials tomorrow. I expect that EDA will issue a preliminary planning grant shortly to support the development of a comprehensive adjustment plan by State and local agencies. As the plan is developed, EDA will be prepared to provide additional assistance as appropriate.

First Major Coastal Energy Impact Program Grant

Last Friday, the National Oceanic and Atmospheric Administration awarded its first major Coastal Energy Impact Program grant to the State of Louisiana. This grant of approximately \$800,000 will permit the construction of a fresh water storage project in Grand Isle. The program is now fully operational and is funded for \$27.6 million through Fiscal Year 1978; applications totaling about \$80 million are presently under review. We believe the program will be of significant value in coordinating coastal energy development actions with environmental protection objectives.



C. L. Haslam
Acting Secretary

THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

C

August 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Gus Speth
Marion Edey

Charles

SUBJECT: Weekly Status Report

Proposed US-People's Republic of China Environment Agreement:
Recommended to Secretary Vance that during his visit to the People's Republic of China he explore the possibilities of negotiating US-PRC Environment Agreement similar to that we have with the USSR. There have been Chinese expressions of interest in environmental issues and in such an agreement. Our experience with the US-USSR agreement has shown how effective and useful such an arrangement might be in opening new lines of communication and contributing to normalization of relations.

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THE PRESIDENT HAS SEEN.



Office of the Attorney General

Washington, D. C. 20530

August 19, 1977

197 AUG 19 PM 7:00

Re: Principal Activities of the Department of
Justice for the Week of August 15 through 19

1. Meetings and Events

The Attorney General had lunch with Congressman Ron Mazzoli and the discussion generally centered around the functions of the new House Intelligence Committee and legislation before the House Judiciary Committee in which the Department of Justice has an interest. On Tuesday the Attorney General and the Assistant Attorney General for Civil Rights met with the U.S. Commission on Civil Rights in an effort to establish contacts and liaison between the Department of Justice and the Commission. On Wednesday the Attorney General, the Associate Attorney General, and the Assistant Attorney General in charge of Antitrust met with the Council of Small and Independent Business Associations. A liaison was established between the Antitrust Division and this group to deal with matters of mutual concern. The Attorney General of Australia and the Australian Ambassador to the United States visited the Attorney General and various matters were discussed, including extraterritorial application of the United States antitrust laws, the experience of the United States with the Freedom of Information Act, and the possibility of input from other countries in the proposed study of U.S. antitrust laws.

2. Presidential Appointments

Attached is a summary of the status of Presidential appointments in the Department of Justice.

3. Agency Representation

This week the Associate Attorney General began a series of meetings with general counsels of various of our client agencies for the purpose of improving the Department's relationship with its clients. Mr. Egan, together with Barbara Babcock, head of the Civil Division, met with the General Counsel of the Treasury Department and with the Solicitor of the Postal Service. The meetings were cordial and productive. Meetings will continue with other agencies over the next several months.

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for Preservation Purposes

STATUS OF PRESIDENTIAL APPOINTMENTS

August 19, 1977

U.S. CIRCUIT COURTS

Appointed.....	0
Vacancies.....	11 *
Nominations at Senate.....	1
Nominations at White House.....	2
Final Process at Justice.....	1
In Process at Justice.....	4

U.S. DISTRICT COURTS

Appointed.....	9
Vacancies.....	24 *
Nominations at Senate.....	5
Nominations at White House.....	1
Final Process at Justice.....	0
In Process at Justice.....	5

U.S. COURT OF CLAIMS

Vacancies.....	2 *
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U.S. ATTORNEYS (94 positions)

Appointed.....	39
Nominations at Senate.....	2
Nominations at White House.....	1
Final Process at Justice.....	6
In Process at Justice.....	18

U.S. MARSHALS (94 positions)

Appointed.....	22
Nominations at Senate.....	19
Nominations at White House.....	1
Final Process at Justice.....	5
In Process at Justice.....	32

* We are awaiting recommendations from commissions or Senators on vacancies where there are no candidates.



THE PRESIDENT HAS SEEN.
THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

e

August 19, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- o Regional Appointments: No new regional appointments were announced this week. The two mentioned in the report last week (Kansas City and New York) have not been cleared, but we are informed that they will be this week. I will be sending more this week. We will then have three positions to be filled -- Boston, San Francisco, and Chicago. An offer to a Chicagoan supported by the Chicago Congressional delegation and cleared earlier at the White House was refused this week and we are reopening that search. I had lunch with Lt. Governor O'Neill (Tip's son) in Boston yesterday on the Boston appointment.
- o Appalachian Health Care: We are working closely with the Department of Labor on the wildcat coal strike in Appalachia because it is rooted in miners' health benefit problems. They are directly related to financial problems of the Appalachian Regional Hospital system and various health clinics in the medically underserved areas of Kentucky, West Virginia and Virginia. Governors, Members of Congress and State health officials have appealed for Federal help. We took two steps this week. As an interim measure, we moved more than \$250,000 in prospective Medicare repayments into the hospital system's cash flow and are working on similar Medicaid assistance. We also are sending a team of outstanding health system professionals into the area to consult with the States and to recommend within 30 days a longer term solution.
- o School Funding: As school openings approach, we may be getting close to public conflict points on a number of Federal fund-withholding disputes. One in Virginia is close to resolution, but others, including a lesser one in New York, may be more difficult to reconcile.

Where possible, we are trying to work on the principle that instead of withholding all funds, we are limiting the withholding or penalties to the extent of the specific violations.

Joseph A. Califano Jr.
Joseph A. Califano, Jr.



①

Administrator

THE PRESIDENT HAS SEEN.

August 19, 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on GSA Activities

Recycling Waste Paper

Region 6 (Kansas City) is placing a high priority on the implementation of a program for desk top source separation of high grade waste paper. Nine locations in Kansas City are expected to produce approximately 426 tons of recyclable paper each year for sale at the rate of \$95 per ton. EPA estimates show that the energy required to produce one ton of new paper is 34 million BTU's or 6 barrels of oil and requires the use of 17 trees. Therefore, in Kansas City, based upon experience to date, we expect to save 2,556 barrels of oil, 7,242 trees and produce \$40,000 income to the U.S. Treasury each year.

Living Buildings

We are working on laying the groundwork for a living buildings program which would maximize the use of Federal buildings' courtyards, plazas and lobbies by providing space for the works of local artists, theater groups, etc. We are currently doing cost studies in random cities to determine if our charges for occasional use would be in line with those charged for other facilities. We have also started canvassing the regions for a list of buildings which would be appropriate for the program. We have compiled a listing of national cultural, educational and recreational groups and hope to generate interest in using our Federal buildings for many of their activities.

Sears, Roebuck & Company - Affirmative Action Plan

A meeting was held with officials of Sears, Roebuck & Company and GSA Contract Compliance staff for the purpose of finalizing Sears' national Affirmative Action Plan. Each element of their plan has been meticulously checked for suitability and applicability in accordance with current regulations and concepts. Changes, additions or deletions have been made according to this agency's satisfaction, and Sears is now in the process of preparing the formal document for presentation. It is expected that the completed plan will be another important advance in contract compliance and will serve as a model concept that other companies may want to follow.

**Electrostatic Copy Made
for Preservation Purposes**

Worldwide Tin Shortage of 20,000 Long Tons (LT) Causes Producers and Consumers to Urge Sale of Excess Tin for U.S. Strategic Stockpile

The domestic steel industry strongly favors release of stockpile tin that scarcity of the material is translating into an upward price for steel products. The current market for tin is approximately \$11,000 per LT; GSA's acquisition cost was approximately \$2,400 per LT. Stockpile sales receipts are returned to the Treasury as Miscellaneous Receipts, and it is feasible that these sales would amount to between \$100,000,000 and \$200,000,000 in a 12-month period without disruption to the normal world markets of producers and consumers. The anti-inflationary and revenue-producing aspects of this situation warrant timely consideration. Disposal legislation has been introduced by Cong. Robert Molloy (D-W.Va.), and U.S. Steel and Bethlehem Steel are very much in favor of early disposal authority.

Statistics

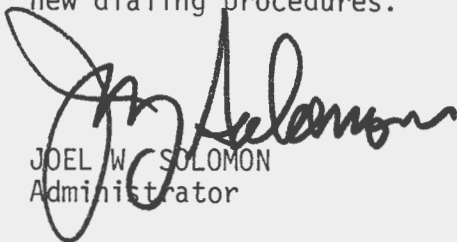
Current stockpile inventory of tin	202,656 LT
Stockpile goal for national security needs	32,499 LT
Quantity excess to national security needs	170,788 LT
Current market value of 20,000 LT is	\$224,000,000

Update on Forest Fires

The Bureau of Land Management (BLM) reports that there are seven fires covering over 100,000 acres each in Alaska with in excess of 2 million acres already burned in that state. As in other areas stricken by forest fires, GSA's Federal Supply Service is heavily involved in support of the fire suppression program. Our western regions are currently providing 655 motor pool vehicles that are equipped with water tanks or other firefighting equipment. In addition, excess personal property such as trailer-mounted generators and a communication van have been transferred to the BLM Fire Control Center in Boise, Idaho.

Interdepartmental Dial System (IDS) Disconnected

The Interdepartmental Dial System (IDS) which has served the civil government throughout the Washington, DC. area since WW II will be disconnected today, August 19. A cost reduction of approximately \$16,000 per month will be realized. All agencies have been advised, and to insure an efficient transition for members of Congress meetings are scheduled with the Senate Sergeant at Arms and the Clerk of the House to explain in detail new dialing procedures.


JOEL W. SOLOMON
Administrator

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

THE PRESIDENT HAS SEEN.

August 19, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: RAY MARSHALL *Ray*

SUBJECT: MAJOR DEPARTMENTAL ACTIVITIES, AUGUST 13-19

UNITED MINE WORKERS (UMW)

The wildcat strikes in the coal industry over the reduction in health benefits for UMW members are continuing. UMW President Arnold Miller estimates that 55,000 miners are currently participating, although precise figures are difficult to obtain. On August 16, I met separately with Arnold Miller and Joe Brennan of the Bituminous Coal Operators Association (BCOA). In addition, I have talked with a variety of political leaders from the states most affected (West Virginia and Kentucky). My efforts have been designed to see whether there was anything the Labor Department could do to ease this volatile situation. My conclusion remains that this is a problem that can only be resolved through collective bargaining and there is little that the government can do to increase the likelihood of meaningful bargaining.

At a press conference today, I intend to announce that the Labor Department will investigate the reduction in benefits by the UMW Health and Welfare Fund. This investigation will be conducted under ERISA (the Employee Retirement Income Security Act). There is no indication that our investigation will find anything improper in the reduction of benefits. However, many local UMW officials have requested such an investigation and my feeling is that such action may clear the air. In announcing this investigation, I will take great pains not to raise false expectations on the part of the striking miners.

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On August 18, Arnold Miller held a series of conferences with UMW members in the areas most affected by the strike. Miller hoped that these conferences would help convince the miners to return to work, but they appear to have been inconclusive. No one seems to have a clear picture of what will happen next. Miller and Brennan of the BCOA both think that the miners will begin to trickle back to work next week. In contrast, West Virginia Governor Jay Rockefeller thinks the strikes will continue for the foreseeable future.

EMPLOYMENT AND TRAINING--ECONOMIC STIMULUS PACKAGE

Chicago CETA Fraud

On August 18, Robert Lagather, Deputy Solicitor, met with Mayor Bilandic of Chicago. Lagather delivered a letter from me to Bilandic. The letter outlined the violations of CETA regulations that our investigators found in Chicago. (In addition to political hiring, there was also a willful destruction of records and the substitution of city employees with CETA workers). The letter stressed our willingness to work with Bilandic to resolve these problems. However, it also said that we require a restitution of illegally spent CETA funds and that we would suspend CETA hiring in Chicago if no solution was worked out by September 1. On August 27, I plan to announce these corrective measures at a press conference. In line with your recommendation, I will structure this announcement in a way that will give Bilandic an opportunity to claim some credit for resolving the problem.

Other CETA Investigations

We are currently proceeding with our investigations of CETA abuses in Atlanta and Gary, Indiana. I will keep you informed of developments.

Youth Employment and Demonstration Projects Act

There has been a one-week delay in the signing of the Interagency Agreement on the joint operation of the Young Adult Conservation Corps. The outstanding issues between us and the Interior and Agriculture Departments were resolved yesterday. The signing of the Interagency Agreement is today.

REORGANIZATION

I will be sending you shortly a memo on the steps I have taken and will take to achieve better organization and use existing personnel more effectively.

FEDERAL EMPLOYEES' COMPENSATION ACT (FECA)

On August 15, David Broder of the Washington Post wrote a front-page article citing the Labor Department's Office of Workmen's Compensation Programs (OWCP) as the government agency which stimulates the most constituent complaints to Congress. This finding was based on a survey of Congress by Richard Pettigrew for your Reorganization Project. For a long time I have been aware of the problems in the administration of the Federal Employees' Compensation Act (FECA). Last year an internal Labor Department task force made 33 recommendations for improving FECA. Seven of these changes require legislative action which is under consideration. We are implementing the other 26. They involve everything from revised claim forms to better training for OWCP employees and concentration on the most serious cases. In addition, we are in the process of converting our files to an automated data processing system. In May I sent a letter to all members of Congress which stated both the problems and these corrective measures. At the moment, I am not convinced we have done all that can be accomplished to improve the administration of the program. However, there may well be an upper limit to what effective management can achieve for a program like FECA. Due to Congressional action in 1974 to increase coverage and benefits, claims under FECA have doubled while staff had only been increased by 3 percent. This problem is being alleviated since 111 new employees have been allocated and are in the process of being hired. With a backlog of claims, much staff time is spent answering Congressional inquiries. This, of course, only exacerbates the backlog problems.

ILO

On Tuesday, August 16 the Cabinet level committee on the ILO met to review the situation and discuss the options. The Committee is chaired by me and the other members are Juanita Kreps (represented by Under Secretary Sidney Harmon), Cy Vance, Zbigniew Brzezinski, George Meany and Charles Smith of the U.S. Chamber of Commerce. The sense of the Committee was that little had happened that would change

our announced intent to withdraw. However, as a tactical matter we felt that no final decision or recommendation should be sent to you now. Given the growing interest and varied opinions, additional time should be allowed and precipitous action avoided. We agreed to publicly announce that we are letting the letter of intent to withdraw stand and will make final recommendations to you before November. Another Cabinet level committee meeting will be held in October.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

THE PRESIDENT HAS SEEN.

August 19, 1977

27 AUG 19 PM 7 30

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

SUBJECT: CEA Weekly Report

Set-asides on the 1978/79 grain crops. Secretary Bergland will be proposing to you a substantial set-aside program for next year's grain crops. CEA analysis strongly suggests that we should go one more year without set-asides. A briefing paper is being prepared for you on this matter.

Social security financing. The Russell Long social security financing plan would have very harmful economic consequences in 1978. We have sent you a separate memo on this, and suggested that CEA prepare an "economic impact" statement to be used in the effort to beat back the Long proposal.

Phasing-in the tax reform program. The way in which the various provisions of tax reform are phased-in will have a major impact on both the economy and the budget deficit in the 1978-81 period. We are preparing an economic analysis and forecast to help deal with this question, when you make your final decisions on the reform bill.

Regulatory reform. Members of my staff working on regulatory issues have begun meeting regularly with OMB and Domestic Policy staff members to coordinate Executive Office regulatory reform activities. The meetings thus far indicate this forum could be very useful in encouraging steady progress on regulatory reform matters.

Humphrey-Hawkins. Discussions with the Hill on the latest version of the Humphrey-Hawkins bill have been delayed by the illness of Senator Humphrey.

Airline reform. The CEA staff has developed an extensive analysis of various proposals in the airline regulatory reform bill to provide job and income protection for workers in the industry. In general, we find there are serious problems with these proposals. We are working with Stu Eizenstat, OMB and DOT on this question.

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

August 19, 1977

AUG 19 1977

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

HUD Subsidies Contribute to Housing Starts Increase.

Housing starts soared to a seasonally adjusted annual rate of more than 2 million units in July, according to Census Bureau figures just reported. The July annual rate of 2,064,000 was the second highest level reached in four years. According to press reports, the primary reason for the big gain in July was the jump in multifamily construction resulting from Federally assisted housing under the Section 8 program. We expect housing starts for 1977 to total close to 1.9 million and, while we expect some drop in total starts in 1978, we anticipate that Section 8 production will continue to move upward. We are projecting that Section 8 starts will reach 155,000 units during Fiscal Year 1978, almost twice what we anticipate for Fiscal Year 1977.

HUD-Sponsored Task Force to Work on Housing Costs. The Department is ready to launch a special Task Force on Housing Costs. This group, which will consist of manufacturers, builders, labor unions, consumer representatives, government officials, and environmentalists, will investigate ways to curb the escalating costs of building a home. Participants now being contacted include Robert Georgine, AFL-CIO; Bertrand Goldberg, Chicago Architect; Thomas H. Stanton, Center for Responsive Law; John Crossland, National Association of Home Builders; and A. Carleton Dukess, National Rehabilitation Association. Formal announcement will be made as soon as all participants have been notified.

Mortgage-Backed Securities Program Reaches \$44 Billion Mark. The total volume of mortgage-backed securities issued by the Government National Mortgage Association (GNMA) since the program began in 1970 reached \$44 billion last week.

Applications for commitments have been at a very high rate in recent weeks and, therefore, GNMA expects that this year's volume of securities issued will equal or exceed last year's total of \$13.7 billion. Since January, GNMA has issued a total of \$9.7 billion of new securities.

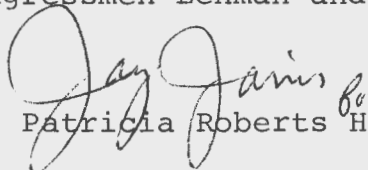
Under the mortgage-backed securities program GNMA guarantees the timely payment of principal and interest on securities issued by private lenders and backed by pools of government-underwritten residential mortgages. The purpose of this program is to attract non-traditional investors into the residential mortgage market by offering them a high yielding government-guaranteed security to eliminate the servicing problems associated with a whole loan mortgage portfolio. This program has tended to stabilize the supply of mortgage credit and reduce mortgage interest rates by attracting more funds into the residential mortgage market.

HUD, NFIA Fail to Agree. Despite months of negotiations, HUD and the National Flood Insurers Association (NFIA) have failed to reach agreement on a replacement for the present contract under which NFIA has responsibility for the sale, issuance, and servicing of flood insurance policies under the National Flood Insurance program. The Department terminated the negotiations on August 15 when the NFIA submitted proposals retracting important positions on which agreement had been reached and substituting unacceptable provisions.

NFIA has been unwilling to recognize HUD's authority to control its use of government funds and insurance premiums. Although NFIA was adamant about reserving its right to expend these funds for unapproved items in its budget, the Department's responsibility to account for the use of government funds made it impossible for us to meet NFIA's demands.

HUD has issued a Request for Proposals to replace NFIA with another contractor responsible for servicing the Flood Insurance program.

HUD to Develop Condominium Legislation. The Department is now reviewing several possible legislative approaches to remedy consumer problems with condominiums, including recreation leases. We plan to propose Federal legislation early in October and we will coordinate closely with Senators Chiles and Stone and Congressmen Lehman and Pepper.


Patricia Roberts Harris

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Brzezinski to The President (5 pp.) re: attached memo from Bourne on Afghanistan drug trade /enclosed in Hutcheson to Bourne 8/22/77	8/19/77	A
memo	From Young to The President (1 page) re: Weekly Summary of US Mission to UN Activities/enclosed in Hutcheson to Cabinet members 8/22/77	8/19/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-writing File 8/22/77 [1] Box 49

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

F.Y.I.

August 19, 1977

97 AUG 19 PM 7:00 THE PRESIDENT HAS SEEN.
MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. NEW YORK CITY

A \$150 million loan was made to New York City on Tuesday of this past week. This raises to \$900 million the total loaned since July 1. The next loan is tentatively scheduled for August 30.

We are cautiously optimistic that New York City may be able to meet some of its own financing needs by borrowing in the public markets sometime in the fall. This depends on its ability to complete the \$2.5 billion refinancing of the Municipal Assistance Corporation (MAC) scheduled for closing around mid-September. That financing, if completed, will also significantly improve the City's debt structure.

2. PREVENTION OF RAID ON CUBA

Subsequent to the recent Bill Moyers CBS television show on CIA operations, which you discussed at the June 13 Cabinet meeting, Customs intensified its actions to thwart Cuban emigre raids on Cuba which had been threatened by masked figures seen on the program. Last week in Florida, primarily as a result of information obtained by Customs, a Bay of Pigs veteran named Pedro Gil was arrested at his residence and three attack boats were seized apparently on their way to take part in such a raid. Also seized were a cannon, machine guns, various other automatic weapons, and masks similar to those seen on television. Two Treasury bureaus -- Customs and the Bureau of Alcohol, Tobacco and Firearms -- cooperated in the action along with the FBI, the Coast Guard, and the authorities of Dade County. We anticipate that at least six additional arrests will be made.

Robert Carswell
Robert Carswell
Acting Secretary

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THE WHITE HOUSE
WASHINGTON

August 22, 1977

Secretary Adams -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Amtrak Heavy Rail Repair
Facility
Southern Tier Expressway in
New York

THE WHITE HOUSE
WASHINGTON

cc Adams



THE PRESIDENT HAS SEEN.
THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

cc Brock
J

August 19, 1977
1977 AUG 19 pm - --

MEMORANDUM FOR THE PRESIDENT

THRU : Jack Watson

FROM : Alan Butchman
Acting Secretary

Alan Butchman

SUBJECT: Significant Issues Pending at the Department of Transportation

This memorandum identifies several new issues and updates other significant issues currently pending in the Department of Transportation.

Amtrak Heavy Rail Repair Facility

INFORMATION

This is in response to your August 12 note asking for a status report on the Amtrak repair facility.

The Federal Railroad Administration is currently supervising a \$1.6 billion Federal project to upgrade passenger service along the Northeast Corridor between Boston, Mass. and Washington, D.C. An important subtask is the building of a \$30 million heavy repair facility for major overhaul of locomotive equipment used on the corridor. Public officials from Massachusetts (including Speaker O'Neill) have urged FRA to locate this facility at Readville, Massachusetts (near Boston) formerly the heavy repair site of the New Haven Railroad. Delaware officials have urged FRA to locate the facility at Wilmington, where Amtrak currently maintains old Pennsylvania Railroad locomotives which will become obsolete when the corridor project is completed in 1981. Initial engineering studies focused on Washington, Philadelphia, New York and Boston as logical "terminal" points where the facility should be located. Subsequent studies have focused on the existence of a 650-man labor force in Wilmington. The studies are not conclusive and the Secretary has asked FRA to thoroughly review their maintenance studies and to report to him with a recommendation by the end of September.

Keep me informed

Concorde Landings in New York

INFORMATION

On Wednesday, July 17, the U.S. District Court in New York, for the second time overturned the Port Authority ban on Concorde supersonic aircraft operations at JFK International Airport. The Judge found that the Port Authority's 17-month delay in deciding whether to admit the Concorde has been "excessive and unjustified" and that the ban itself is "discriminatory, arbitrary and unreasonable." We currently do not know what the appeal schedule will be but expect that flights will not be permitted to take place until the Court of Appeals has acted. (probably no earlier than the second week in September.) Since the Judge's reasoning in this new opinion relies less on Federal statutes, the Federal Government is less likely to be directed to participate in the appeal.

INFORMATION

Controversial Highway-Southern Tier Expressway in New York

This is to apprise you of the status of a highway project which may generate some Congressional or other contacts with your offices.

The Southern Tier Expressway is a 92-mile highway in New York's Appalachian region. Forty-eight miles in the middle and at one end have been completed but the remainder has been stopped by a court order, pending compliance with the National Environmental Protection Act. The environmental issues include a rechannelling of the Allegheny River, an archaeological site affecting the Department of the Interior's responsibilities, and the crossing of a major lake.

If environmental approvals are not completed by August 31, so that funds to the State can be obligated by September 30, New York's Appalachian Development Highway funds for this project (about \$12.5 million) will be temporarily withdrawn, and reallocated to other states. If the project is subsequently approved, the funds would then become available to the state over the next several years.

ok In view of the several environmental concerns, and the considerable work which still must be done by this Department together with the Department of the Interior, the Council on Environmental Quality, and the New York State DOT, it is unlikely that the approval will come before the August 31 deadline.

Smoking in Airplane Cockpits

INFORMATION

In April 1976 the Federal Aviation Administrator was petitioned by the Airline Pilots Committee, the Public Health Research Group and the Aviation Consumer Action

Project to prohibit tobacco smoking by flight crewmembers in cockpits and eight hours before commercial operations. The petitioners' basic contention is that tobacco smoking presents unique hazards to pilots that are incompatible with maximum air safety.

The Department for the past 15 months has carefully considered the documents provided and has concluded that the information presented is too inconclusive to warrant a rule prohibiting smoking at this time. This announcement will likely be made next week and some adverse reactions from some public and medical groups may take place.

Outdoor Advertising along Highways

INFORMATION

Current law provides that any State which has not effectively controlled the erection and maintenance of outdoor advertising along its Interstate and primary highway systems shall be subject to a reduction of 10 percent of its highway funds. In the past, two states were subjected to this penalty, and subsequently came into compliance so that the withheld funds were later restored.

On July 11, 1977, Secretary Adams sent penalty letters to the Governors of New York, Alabama, South Dakota, and Oklahoma. These States have not enacted satisfactory State laws to carry out recent amendments to the Federal statute. As a result, 10 percent of the annual highway apportionments of these States will be reserved until a final determination is made as to permanent withholding. The States have been given until September 11 to request a hearing, and New York and Alabama have each already asked for one. We will keep your intergovernmental affairs staff apprised.

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THE WHITE HOUSE
WASHINGTON

August 22, 1977

Hamilton Jordan -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Status Report on Appointments
FmHA and ASCS positions

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
✓		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

cc Ham

E

THE PRESIDENT HAS SEEN.

August 19, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

FmHA - ASCS. Attached are the latest status reports on appointments to state FmHA and ASCS positions.

ADOBE. After nearly a century of vacillation, USDA has issued directives demonstrating the efficiency and soundness of traditional adobe construction. This action continues our attempts to approve construction methods on the basis of local and regional considerations rather than trying to impose nationwide standards which ignore both tradition and common sense.

BACON. USDA, in cooperation with FDA, is moving toward final guidelines for the use of nitrates and nitrites in poultry products. A rational approach to eliminate the dangers of cancer without destroying an industry is being utilized. As it becomes scientifically possible, this will be expanded to the cured red meat/bacon industry.

BOB BERGLAND

Attachments

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FmHA STATE DIRECTORS

In Place

Idaho
Indiana
Kansas
Nebraska
Ohio
South Dakota
Tennessee
Texas
Vermont
California

In Process

Arizona
Colorado
Florida
Georgia
Kentucky
Michigan
Minnesota
Mississippi
Missouri
Montana
New Mexico
New York
North Dakota
South Carolina
Utah
Virginia
West Virginia
Wisconsin
Puerto Rico
North Carolina

No Candidate

Alabama
Arkansas
Iowa
Maine
? * Oklahoma
* Oregon
* Washington
* Illinois
Louisiana
Delaware
Pennsylvania
Wyoming

* Republican incumbents

There are four Republican incumbents in office, two of whom (Illinois and Louisiana) will resign on or before September 15, 1977. The other two (Washington and Oregon) are expected to be out of office by September 1.

ASCS FIELD APPOINTMENTS

8-18-77

STATE COMMITTEES

Appointed	49
Awaiting White House Approval	<u>2</u>
Total	51

STATE EXECUTIVE DIRECTORS

Appointed	12
Awaiting Security Clearance	4
Awaiting White House Approval	2
In Process	12
Name Selected to Replace Republicans Who Have Veteran Status. (Date positions will be open shown in detailed report)	13
Retention Planned	<u>8</u>
Total	51

<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
Alabama	Wallace Steele - Awaiting White House and Security Clearances
Alaska	Open Charles Marsh - Nominated by Sen. Gravel
Arizona	Steve Faltis - Planned Retention Democrat Appointed by Sec. Freeman
Arkansas	A. C. Mowery - Appointed 7/18/77
California	Howard Mays - Planned Retention - Career employee, retention recommended by State committee and Congressional Delegation and Asst. Sec. Bob Meyer
Colorado	Republican - Veteran's Preference - Position will be open on 8/22 Charles Bishopp - Nominated by Sens. Hart and Haskell, cleared by White House
Connecticut	Republican - Veteran's Preference - Position will be open on 8/22 George M. Wilber, Nominated by Sen. Ribicoff
Delaware	O. Joseph Penuel - Awaiting Security Clearance
Florida	Clyde Payne - Appointed 7/21/77
Georgia	Fritz Scarborough - Appointed 8/11/77
Hawaii	Clarence Chau - Planned Retention - Retention recommended by Congressional Delegation
Idaho	Harland Blackburn - Awaiting Security Clearance
Illinois	Open William Brown - Nominated by Rep. Yates, John Touhy, State Democratic Chairman, Kenneth Curtis, National Chairman, and Finance Chairman, DNC
Indiana	Loyd Jones - Appointed 8/1/77
Iowa	James K. Hatcher - Appointed 8/1/77
Kansas	Jim Ray - Appointed 7/25/77
Kentucky	Beverly Yeiser - Appointed 7/11/77

<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
Louisiana	Willie Cooper - Planned Retention - Retention recommended by Congressional Delegation
Maine	Open Arthur Carroll - Awaiting White House and Security Clearances
Maryland	Republican - Veteran's Preference - Position will be open on 8/22 James Voss, Recommended by Sen. Sarbanes
Massachusetts	Myron Maiewski - Awaiting White House and Security Clearances
Michigan	Richard Grabemeyer - Awaiting Security Clearance
Minnesota	Howard Carlson - Appointed 8/11/77
Mississippi	D. L. Triggs - Appointed 6/29/77
Missouri	Republican - Veteran's Preference - Position will be open on 8/22 Alan King, Recommended by Sen. Eagleton
Montana	Open Lya'll Schaefer - Awaiting White House and Security Clearances
Nebraska	Republican - Veteran's Preference - Position will be open on 8/22 Glenn Kreuscher, Recommended by Sen. Zorinsky; Gov. Exon
Nevada	Republican - Veteran's Preference - Position will be open on 8/29 Albert Pasquale, Recommended by Sen. Cannon
New Hampshire	Dennis Fenton - Planned Retention - Democrat Appointed by Sec. Freeman
New Jersey	Republican - Veteran's Preference - Position will be open on 8/22 John Olsen, Recommended by Sen. Williams
New Mexico	Open Leo Griego - Nominated by Cong. Runnels
New York	Open George Komer - Nominated by Various Members of Delegation

<u>STATE</u>	<u>STATE EXECUTIVE DIRECTOR</u>
North Carolina	Open C. P. Stewart - Nominated by Sen. Morgan
North Dakota	David Strauss - Awaiting Security Clearance
Ohio	Open Ralph Cochran - Nominated by Sen. Metzenbaum
Oklahoma	Open John Goodwin - Nominated by Various Delegation Members
Oregon	Talbert Sehorn - Appointed 8/5/77
Pennsylvania	Open Carl Kaufman - Nominated by Jim McHale, Farmers Union Various Congressional Referrals
Puerto Rico	Carlos Troche - Planned Retention - Democrat Appointed by Sec. Freeman
Rhode Island	Richard Kenyon - Planned Retention - Democrat Appointed by Sec. Freeman
South Carolina	Melvin Crum - Appointed 6/29/77
South Dakota	Republican - Veteran's Preference Wayne Testerman, Recommended by Sens. McGovern and Abourezk
Tennessee	Royce Adams - Appointed 8/3/77
Texas	Republican - Veteran's Preference Leonard Williams, Recommended by Sen. Bentsen, Others in Delegation and Dep. Sec. White
Utah	Republican - Veteran's Preference Lynn Adell, Recommended by Delegation
Vermont	Al Heald - Planned Retention - Has status in position
Virginia	Open Leland Beule - Nominated by State Sen. Daniel Bird
Washington	Open Donald Heinemann - Nominated by Cong. Foley

8-18-77

STATE

STATE EXECUTIVE DIRECTOR

West Virginia

Republican - Veteran's Preference
James Coburn, Recommended by Cong. Rahall

Wisconsin

Republican - Veteran's Preference - Position will be
open on 8/22
Stewart Huber, Recommended by Sen. Nelson

Wyoming

Republican - Veteran's Preference - Position will be
open on 8/22
Carl Otto, Recommended by Cong. Roncalio

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
	<input checked="" type="checkbox"/>	MONDALE
		COSTANZA
	<input checked="" type="checkbox"/>	EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
	<input checked="" type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
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<input type="checkbox"/>	KRAFT
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<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input checked="" type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

THE WHITE HOUSE
WASHINGTON

August 22, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

cc: The Vice President
Charlie Schultze
Z. Brzezinski
Jim Schlesinger

RE: Alaskan Natural Gas Transporta-
tion System



THE WHITE HOUSE
WASHINGTON

*Stu
info
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER *JS*

SUBJECT:

The Status of Your Decision on an Alaskan
Natural Gas Transportation System, and
Accompanying Briefing Materials

BACKGROUND

Formal discussions with the Canadians will commence
Wednesday in Ottawa.

The purpose of this Memorandum is to provide you with
an update of our project assessments and a more detailed
analysis of the issues and options underlying your
prospective decision.

COMPARATIVE PROJECT ANALYSIS

The decision by the Canadian National Energy Board (NEB)
and various advisory bodies finding the Arctic Gas Project
environmentally unacceptable, and the merger of the
American companies in the Arctic Consortium into Alcan,
has for all practical purposes narrowed your choice
to the Alcan Route through Canada or the all-American
El Paso Route through Alaska and then to California via
LNG tanker.

Careful review of both these projects when compared to
the no project option indicates a compelling case for
construction of one of the projects at the earliest
possible time. Under unfavorable price and cost
overrun assumptions, the national benefit of either
project still clearly outweighs the costs. Under the
expected case assumptions, the national benefits are
overwhelmingly positive, as the following analysis will
demonstrate.

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A. Cost of Service

The principal components of a cost of service calculation are return on capital (interest and dividend), return of capital (depreciation charges), income and other taxes, operating and maintenance expenses, and fuel usage. Exhibit 1 indicates the comparative capital, operating and cost of service costs for El Paso and Alcan prior to the NEB decision. These figures are based upon staff's most likely cost overrun estimates which are better for comparative purposes than the costs filed by the applicants before the FPC.

As the chart shows, El Paso would cost about \$130 million less in total costs to construct than Alcan. El Paso's LNG process, however, is more labor and fuel intensive than the Alcan system, costing about \$160 million more per year. Overall, the average cost of service is 22 percent greater for El Paso. This \$.22 per mmbtu average differential over the next twenty years will mean a cost of \$4.1 billion to American consumers. Alcan's net national economic benefit (NNEB - a measure of the present value of total national benefits less real resource costs) is \$1.4 billion greater than that of El Paso.

The Canadian NEB and various advisory bodies have proposed modifications that would substantially reduce this advantage by raising the Alcan cost of service. The modifications would:

- reroute the Alcan system through Dawson at an additional cost of over \$500 million (see the attached map);
- require up to \$200 million in socioeconomic payments by Alcan to mitigate impacts in the Yukon;
- impose delays on construction in the Yukon for one year to permit resolution of native claim problems (Lysyk report);
- require Alcan to reserve 1.2 bcfd capacity in the main system south of Dawson to carry Canadian gas which could result in fuel inefficiencies and a higher cost of service for U.S. consumers depending upon cost allocations.

Exhibit 1. Comparative System Cost Economics
Original Case

	<u>El Paso</u> ^{d/}	<u>Original Alcan</u> ^{a,d/}
Direct Cost (\$1975)	\$6.900 billion	\$7.013 billion
Interest During Construction	<u>0.752</u>	<u>.772</u>
Total Capital Cost ^{b/}	\$7.652 billion	\$7.785 billion
Annual O&M Cost (\$1975)	\$168 million	\$54 million
Annual Fuel Costs \$1.00/mmbtu	\$106 million	\$63 million
Annual Delivered Volumes (Tbtu)	868 Tbtu	933 Tbtu
Illustrative Costs per Delivered mmbtu (\$ 1975):		
1986: Cost of Service ^{c/}	\$1.37	\$1.54
Fuel	<u>.12</u>	<u>.07</u>
Total Cost	\$1.49	\$1.61
2000: Cost of Service	\$0.67	\$0.50
Fuel	<u>.12</u>	<u>.07</u>
Total Cost	\$0.79	\$0.57
20-Year Average:		
Cost of Service	\$1.09	\$0.92
Fuel	<u>.12</u>	<u>.07</u>
Total Cost	\$1.21	\$0.99
Net National Economic Benefits ^{e/}	\$4.7 billion	\$6.1 billion

^{a/} Prime route with no Delta gas.

^{b/} Assuming 5 percent inflation in construction costs, the nominal total capital costs (initial rate base) are \$11.9 billion for El Paso and \$12.1 billion for Alcan.

^{c/} Cost of service includes return on rate base, income and other taxes, depreciation charges, and O&M costs.

^{d/} Capital costs are based upon staff's most likely cost overrun estimates.

^{e/} These calculations are based solely upon the Prudhoe Bay gas at a constant real value of \$2.62 per mmbtu. A higher value for the gas or additional usage of the facilities would substantially increase the NNEB of either system.

Exhibit 2 shows the effect upon Alcan's cost components, unit cost of service, and NNEB if these modifications are imposed. The Alcan cost advantage over El Paso is reduced by more than half, from \$0.22 per mmbtu on the average to \$0.09 per mmbtu. Alcan's NNEB advantage is also cut by almost half.

B. Other Factors

1. General

As Alcan's cost of service advantage grows smaller, other factors which tend to strengthen El Paso's case become more important. They include:

- the problems of dealing with another nation;
- the employment and economic stimulus that accrue to the U.S. from the El Paso project's focus on the U.S. economy;
- the built-in financing advantage of the El Paso system (MARAD loans for LNG tankers, State of Alaska participation).

On the other hand, there are also factors in addition to cost of service that favor Alcan. These include:

- the potential for receiving additional quantities of Canadian gas, and generally increasing cooperation with the Canadians on other energy issues such as oil swaps, pipelines, and strategic reserves;
- given the possibility of an overland route, the superiority of pipeline technologies over LNG technologies;
- the need to plan for growing volumes of natural gas from the Gulf of Alaska that will require LNG deliveries to the West Coast, thus preserving the LNG West Coast delivery potential;
- the substantial advantage of a pipeline system over LNG facilities for a useful life beyond 25 years;

Exhibit 2. Comparative System Cost Economics
Modified Case

	<u>El Paso</u> ^{d/}	<u>Modified Alcan</u> ^{a,d/}
Direct Cost (\$1975)	\$6.900 billion	\$8.218 billion
Interest During Construction	<u>0.752</u>	<u>1.015</u>
Total Capital Cost ^{b/}	\$7.652 billion	\$9.233 billion
Annual O&M Cost (\$1975)	\$168 million	\$55 million
Annual Fuel Costs \$1.00/mmmbtu	\$106 million	\$111 million
Annual Delivered Volumes (Tbtu)	868 Tbtu	885 Tbtu
Illustrative Costs per Delivered mmmbtu (\$ 1975):		
1986: Cost of Service ^{c/}	\$1.37	\$1.71
Fuel	<u>.12</u>	<u>.13</u>
Total Cost	\$1.49	\$1.84
2000: Cost of Service	\$0.67	\$0.52
Fuel	<u>.12</u>	<u>.13</u>
Total Cost	\$0.79	\$0.65
20-Year Average:		
Cost of Service	\$1.09	\$0.99
Fuel	<u>.12</u>	<u>.13</u>
Total Cost	\$1.21	\$1.12
Net National Economic Benefits ^{e/}	\$4.7 billion	\$5.5 billion

^{a/} Dawson route with \$200 million socioeconomic payment and 1.2 bcfd of Canadian gas from the Delta. Cost allocation is done on a relative volume basis.

^{b/} Assuming a 5 percent inflation in construction costs, the nominal total capital costs (initial rate base) are \$11.9 billion for El Paso and \$14.3 billion for Alcan.

^{c/} Cost of service includes return on rate base, income and other taxes, depreciation charges, and O&M costs.

^{d/} Capital costs are based upon staff's most likely cost overrun estimates.

^{e/} These calculations are based solely upon the Prudhoe Bay gas at a constant real value of \$2.62 per mmbtu. A higher value for the gas or additional usage of the facilities would substantially increase the NNEB of either system.

- the finding by virtually all Federal and private parties that the Alcan route is environmentally superior to El Paso;
- the opportunity to develop a new era of mutually beneficial interdependence with Canada on a broader range of concerns.

These and other issues are discussed at length in the more detailed Staff Issue Papers that will be provided in the next few days. Because of their importance, a separate overview of the Canadian gas supply, financing and net national economic benefit issues are provided below.

2. Canadian Gas Supply

Today Canada is supplying the U.S. with approximately 1 tcf of natural gas annually, or about 10 percent of all our interstate supply. The export licenses approved by the NEB under which this gas is sold begin expiring in the early 1980's. Without the development of Canadian frontier resources, like the MacKenzie Delta gas, the NEB has projected that Canada will not be able to meet its existing export commitments and domestic needs by the early 1980's. Under these circumstances, the Canadians have indicated that there is little expectation that U.S. export licenses would be renewed.

Northern tier Members of Congress whose states are heavily dependent on this gas are deeply concerned about the threatened curtailments and are very much in favor of the Alcan project, particularly in light of the NEB link between the pipeline and continued exports in its July 4 decision. The NEB stated that an Alcan project which offers Canada access to MacKenzie Delta gas is perhaps the only way existing U.S. export commitments can be maintained. The NEB also attempted to interest us in the proposition of a joint pipeline by suggesting that construction of an Alcan project would enable Canada to expedite gas exports under existing commitments to meet present U.S. shortages in exchange for an earlier termination of the export licenses or a payback at a later date with Alaskan gas. These early deliveries from Alberta could be facilitated by early construction of the southern portion of the Alcan line.

The need to maintain existing Canadian commitments, the opportunity for short term relief and the potential for future export increases are all factors which favor Alcan in view of U.S. natural gas supply problems.

3. Financing

The financing question is one of who will bear the risks of non-completion, cost overruns and service interruptions. Until recently, both Alcan and El Paso have contended that they would need an all events cost of service tariff for private financing of their projects. Such a tariff guarantees the project creditors that in the event of non-completion of the project or extended service interruption, the cost of the debt service will be passed on and paid by consumers.

To ask U.S. consumers to pay for the partial construction of a system which never delivers any gas would be unprecedented in Federal regulatory history and would appear to be politically unacceptable to public utility commissions and the Congress. Many in the financial community do not believe that an all-events tariff will help. In addition to being skeptical about its implementation, some feel there is little risk of non-completion after American and Canadian companies have made equity investments of \$2 billion. - 2 me

a) July 1 Financing Report

The July 1 financing report submitted by the Treasury Department recommends that the Administration avoid new forms of Federal guarantees for project debt. The Treasury report was also generally favorable to the El Paso project indicating that it stood a greater chance of being privately financed if it could make use of pre-existing forms of Federal guarantees along with an offer by the Alaskans to provide up to \$900 million in debt guarantees. The relevant Federal program would utilize the Maritime Administration's Title XI guarantee bonds for the construction of LNG tankers, although that might require you and the Congress to increase the loan guarantee ceiling to accommodate the necessary \$1.5 billion.

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The Treasury report underscores the dependence of El Paso on this pre-existing federal guarantee program. If the Administration seeks to avoid potential Government liability in terms of any new forms of Federal guarantees, the possible dependence of the El Paso project on an increase in the MARAD loan ceiling may be objectionable - although perhaps not as objectionable as truly new forms of Federal guarantees.

b) Alcan Position

Last week, representatives of Alcan indicated that they had changed their original position and, together with top officers of Loeb Rhodes, Bank of America and First Boston, now believed that Alcan could be privately financed. Private financing, however, would depend on the following conditions:

1. The producers would provide guarantees for a portion of the cost overrun potential.
The producers have a stake in seeing a pipeline completed, since they will be a major beneficiaries of Alaska gas production. With a minimum of 26 trillion cubic feet of proven reserves, a dollar per mcf will yield the producers \$26 billion in revenues, without inflation.
2. The State of Alaska would guarantee part of the debt.
The State's royalty interest in gas production is a powerful incentive for participation.
3. The rate of return on pipeline investment would be tied to cost overruns.
Under this condition, if actual construction costs end up below cost estimates, equity capital would earn a higher rate of return, while overruns would result in a lower rate of return.

4. A cost of service tariff covering interruptions of service would be utilized once the line begins operations.

Under this proposal, consumers would have to cover the debt service payments during any periods of interruption in service.

By spreading the risk, these conditions would help improve the chances of private financing of both projects. These ideas were first proposed to Alcan by staff in discussions several weeks ago. If you concur, they will be included for whichever project is chosen as recommendations in the in the financing plan which you are required by statute to submit as part of your September 1 decision.

Sounds good

c) El Paso Position

Representatives of El Paso and their supporters in Congress, such as Senators Long and Stevens, have indicated that Alcan is not being realistic. They argue that a \$7 billion debt is simply too massive to finance privately, even if some risk is picked up by the producers. They will seek to warn you that it could be embarrassing to the Administration if you choose Alcan and find six months later that it cannot be privately financed - with the only remaining option either consumer or federal guarantees.

It is important to note, however, that the broader based consortium of American and Canadian companies now backing the Alcan proposal is much stronger financially than El Paso, which is heavily leveraged as a result of the multi-billion dollar Algerian LNG projects it has undertaken. El Paso also has a unique financing problem. It cannot obtain financing until all permits are in hand, including the potentially troublesome permit to build a major new LNG facility in California.

d) Financing Conclusion

Given the number of uncertainties (natural gas wellhead price, issuance of permits, etc.) which must be settled after the September 1 decision and prior to actual financing, there is no way to be certain that either

project can be privately financed. Other things being equal, it appears that the El Paso project is easier to finance if the support that could be made available from the existing MARAD guarantee program is included. Alcan's new financing plan, in turn, improves its chances for securing private financing.

Our best judgment, supported by Treasury, is that with producer and State of Alaska participation, a variable rate of return, a cost of service tariff effective only after completion, and firm support from the major financial houses which have indicated their belief that the project can be privately financed, there is a reasonable chance that Alcan will secure private financing.

The producers and the State of Alaska are the weak links in this chain of contingencies. The producers have much to lose if they do not participate and thereby prevent the project from being financed. But should this occur, six months to a year from now the Administration would be faced with a difficult decision whether to provide some limited form of Federal cost overrun debt guarantees, defer the project for later consideration, or undertake to pursue an alternate project.

4. Net National Economic Benefit

Net national economic benefit (NNEB) is a calculation designed to measure the total present value of all national benefits less the real resource costs of any specific project. Application of this calculation to the proposed Alaskan Natural Gas Transportation Systems, under a variety of assumptions, indicates in every case that it would be beneficial to undertake such a project. Assuming "a worst case" cost overrun (with a less than 5 percent chance of occurrence) and a conservative \$2.60 per mmbtu resource value for natural gas (in 1975 dollars), the NNEB for all the major proposals under consideration ranges from \$700 million to \$1.8 billion.

Assuming the expected case cost overrun, the NNEB range increases to \$4.7 billion to \$6.1 billion.

If the resource value assumption is changed to take account of the reasonable potential for an increasing world oil price over the 25 year accounting life of the project, or if the price of supplemental gas supplies such as SNG (now at 4.50 per mcf) is used, or if the benefits of the project beyond its 25 year accounting life are included, the expected case NNEB projections more than double.

Given the reality of rising real fuel costs and the declining real cost of service associated with these facilities, our analysis indicates a clear need for moving forward with one of these projects. In view of these national benefit calculations, delay or abandonment of an Alaska natural gas project could add unnecessary cost to the nation's energy bill.

C. Tentative Conclusion

The tentative conclusion that I have drawn from weighing the relevant factors is that the potential to secure more Canadian as well as Alaskan gas and the opportunity to save U.S. consumers billions of dollars tilt the scales in favor of Alcan - notwithstanding the real complications that could result from building a pipeline through two countries.

In private discussions Howard Boyd, President of El Paso, stated to me that if the Continent were all one nation there would never have been an El Paso project. The critical uncertainties in a final decision seem to be the degree to which the Canadians will assert their interests at our expense. Therefore, my final recommendation will depend on our assessment of the magnitude of consumer savings and the reliability of Canadian assurances on a series of subsidiary issues when our initial discussions with them are completed.

CANADIAN DISCUSSIONS

Our basic objective will be to secure the best possible project from a cost of service and gas supply point of view. Our negotiating position must therefore be elimination of the Dawson diversion, the \$200 million dollar impact assistance payment, and the Lysyk recommendation on delay, as well as an absolute increase in natural gas exports.

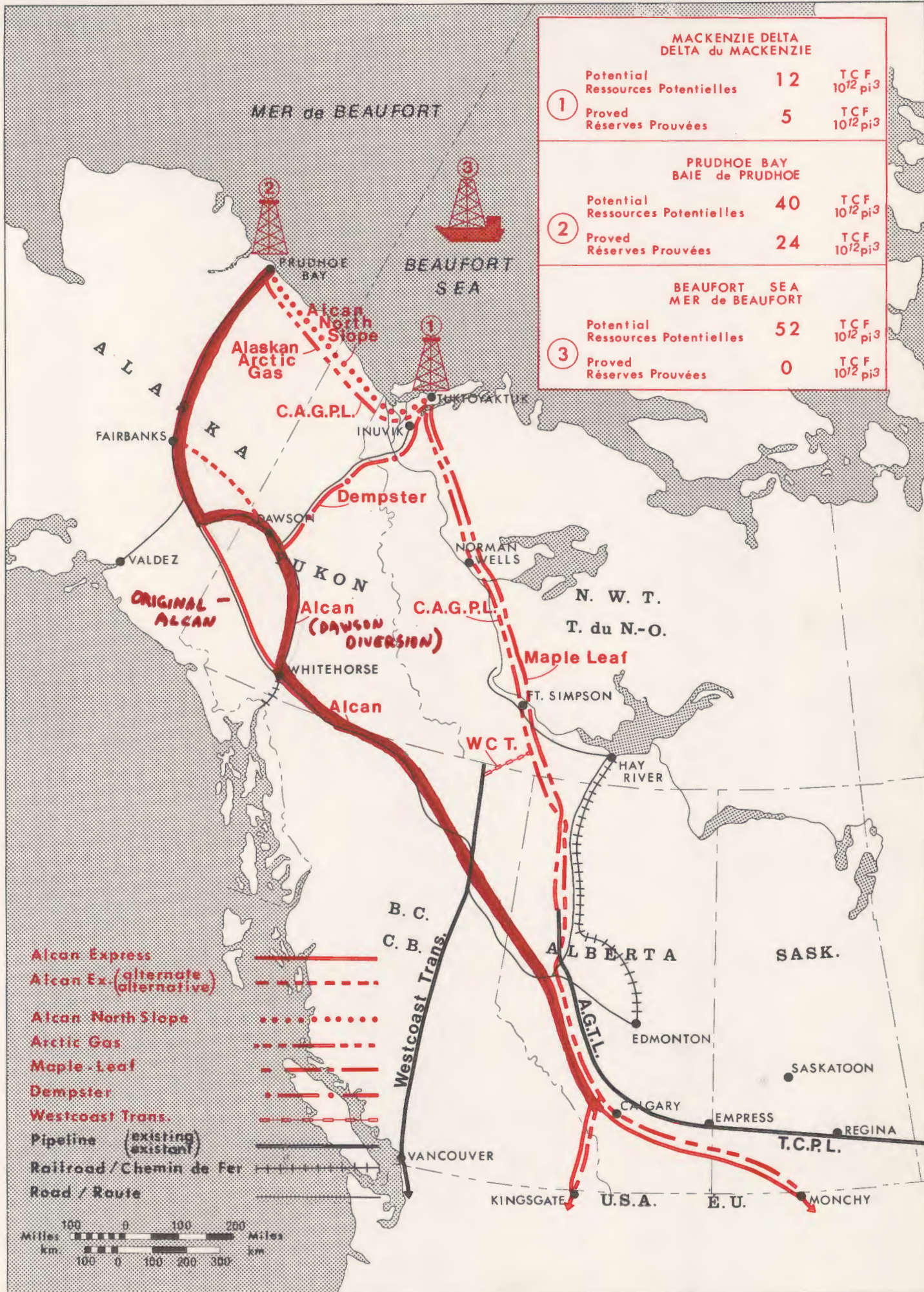
If these objectives are not all achieved, a combination of compromise positions still leaves the Alcan project with a substantial cost of service advantage over El Paso. These compromise positions are:

- a reduction of the \$200 million socioeconomic payment to no more than \$50 million and transformation of the payment into an impact assistance loan;
- a compromise time frame on the Yukon construction that allows the Canadians some facesaving delay period - advancing the start of construction in the Yukon to the spring of 1981 instead of the fall, as recommended, could resolve this matter;
- allocation of costs to compensate U.S. consumers for the increased fuel inefficiencies that would result from adding more Canadian volumes to the line - an indispensable component of any agreement.

The question of increasing export volumes is not likely to be resolved at this time. On the major issue of securing a clearly superior joint project, I believe that we should be able to find out where we stand early in the discussions. We should receive those inputs sometime at the end of this week or the beginning of next and I will then get back to you with a recommended final decision. It will then be critical to move as fast as possible, since we are going to try to write the decision before September 1.

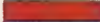
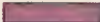

ATTACHMENTS

Following the project maps is a summary of the statutory requirements concerning the content of your decision, and a summary of the status of the Canadian and American processes. Within the next several days you will receive a series of detailed Staff Issue Papers, containing additional background that may be helpful in making a final decision.





PROPOSED ARCTIC NATURAL GAS DELIVERY SYSTEMS

-  **ARCTIC GAS PROJECT**
-  **EL PASO TANKER PROPOSAL**
-  **NORTHWEST PIPELINE PROPOSAL**

Decision Process on an Alaskan
Natural Gas Transportation System

U.S. Process

* History

The "Alaska Natural Gas Transportation Act of 1976" P.L. 94-586 was enacted to expedite a decision on the choice of a transportation system to deliver Alaska natural gas to the United States.

The clear intent of the Act was to involve both The President and the Congress in the decision-making process and, if a transportation system should be chosen, to facilitate its construction and initial operation by placing limits on judicial review of procedures under the Act.

Pursuant to the Act, normal administrative procedures have been set aside and the following procedures substituted:

* FPC

- o Federal Power Commission (FPC proceedings relating to a system for the transportation of Alaska natural gas were suspended.
- o The FPC issued a recommendation to the President, as required by Section 5(b)(1), on May 2, 1977.

* Agency Comments

- o Written comments with respect to the FPC recommendation were submitted by July 1, 1977, to the President by Federal agencies as provided in Section 6(a). Comments were submitted on many issues including:
 - (1) environmental considerations, including air and water quality and noise impacts;
 - (2) the safety of the transportation systems;
 - (3) international relations, including the status and time schedule for any necessary Canadian approvals and plans;
 - (4) national security, particularly security and supply;

- (5) sources of financing for capital costs;
- (6) the impact upon competition;
- (7) impact on the national economy, including regional natural gas requirements; and
- (8) relationship of the proposed transportation system to other aspects of national energy policy.

- o As provided in Section 6(d), the Council on Environmental Quality held hearings and submitted a report to the President concerning matters related to the environmental impacts of the various proposals, and found the project impact statements legally and factually sufficient.

* Outside Comments

- o Comments by the Governor of any state, any municipality, state utility commissions, and other interested parties were accepted and reviewed as provided in Section 6(b).

* Presidential Decision

The President must now issue a decision prior to September 1, 1977, concerning whether any transportation system should be approved under the Act. Section 7 (a)(2) of the Act allows for a delay of up to 90 days in the issuance of the decision if he should determine such a delay is necessary to reach a sound decision.

In reaching his decision, the President must consider the recommendation of the FPC, as well as the above mentioned comments. He is further required by Section 7 (a)(4) of the Act (if he decides to designate a transportation system) to include in that decision:

- o the nature and route of the system designated for approval,
- o the person designated to construct and operate the system,
- o the facilities which will need to be constructed and those operations, the conduct of which will be required to meet the intent of the Act,

- o any provisions of law, relating to any determination of a Federal officer or agency which require waiver in order to expedite the construction and initial operation of the transportation system.

The President shall also submit with the decision a report that discusses the several issues related to the project.

The President may also identify in his decision any terms and conditions he determines appropriate with respect to authorizations under the Act.

* Canadian Process

While the President has been engaged in this decision process, the Canadian government has been actively pursuing review of their national interest as it relates to the Alaska natural gas transportation system.

The National Energy Board has been in a proceeding for more than two years considering competing applications from Arctic Gas and Foothills Pipeline (Alcan).

The principle recent actions in Canada include:

- o The Berger Commission Report on social and environmental impact of a Mackenzie River Valley pipeline route, which found the Arctic Gas route environmentally unacceptable;
- o The National Energy Board decision selecting a modified Alcan route through Canada to ease problems in developing the Canadian Mackenzie Delta reserves;
- o The Lysyk Commission Report on social impacts of the Alcan route in the Yukon Territory, which recommended delay in construction in the Yukon until August 1, 1981;
- o The Hill Report on environmental impact of the Alcan route, which found the NEB recommended rerouting to be provisionally environmentally acceptable;
- o A Parliamentary debate that, in general tone favored negotiations toward a joint United States-Canadian pipeline system;

- o A Cabinet decision to enter into negotiations with the United States, which negotiations will commence the week of August 15, 1977.
- o At the conclusion of negotiations, the Government of Canada will accept or reject the decision of the National Energy Board on the Alcan project. If it is accepted, Prime Minister Trudeau has indicated that legislation would be proposed to Parliament to implement the decision. It is anticipated that such legislation would be enacted during the month of October.

MEMORANDUM OF INFORMATION FOR THE FILE

EXECUTIVE

DATE

August 22, 1977

~~LETTER, MEMO, ETC.~~

TO: Frank Moore

FROM: Rick Hutcheson

SUBJECT: Undergraduate Helicopter Pilot Training
Consolidation

Attachment:

Z. Brzezinski memo 8/19/77 re above subject ✓

Signed letter (copy) to Senator Stennis dated 8/22/77 ✓
re above subject

CORRESPONDENCE FILED

PRESIDENTIAL
HANDWRITING FILE

RECEIVED
SEP 3 1977
CENTRAL FILE

THE WHITE HOUSE

WASHINGTON

August 13, 1977

INFORMATION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI *very for*

SUBJECT:

Department of Defense Point Paper on Undergraduate Helicopter Pilot Training Consolidation

Per your request, the Department of Defense has forwarded a point paper on Undergraduate Helicopter Pilot Training Consolidation (Tab A). I recommend that you read the paper, as it is concise and to the point.

The Department of Defense will propose the consolidation measure in the FY 1979 budget request.

*The way
I like a
point
paper*

*Zbig - Prepare a personal letter enclosure
from me to Stennis.
Jill hand write a cover
note asking for
his help next year
J*

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for Preservation Purposes

NDI
NDT
FIH/FC13
THE WHITE HOUSE
WASHINGTON

August 22, 1977

PR 5-7,
FG 6-1-1/Brzezinski 1.
FG 6-1-1/Moore 2.

To Senator John Stennis

Enclosed for your information is a point paper prepared for me by the Department of Defense dealing with the proposed consolidation of undergraduate helicopter pilot training. I believe the paper clearly outlines the training advantages and cost efficiencies that could be achieved by consolidation. All of the Services agree that the consolidated program would satisfy their undergraduate helicopter pilot training requirements, at an estimated savings of \$90 million over the next five years.

I believe this is the kind of management initiative that will allow us to receive maximum benefit from our defense expenditures while improving the quality of our forces. The Department of Defense will propose the consolidation measure in the FY 1979 budget request, and I hope that it will be favorably received by the Congress.

Sincerely,

Jimmy Carter

x
The Honorable John Stennis
United States Senate
Washington, D.C. 20510

I hope you can
help me with this
next year.

Your friend
J.C.

may
ok
R

file

Private mfg
ok -
E. Photo
S

THE WHITE HOUSE
WASHINGTON

November 2, 1977

RSC

from MFH

mfh

Peking

I think you might wish to discuss this with the President. Last night I went to Ardeshir's farewell party for Ambassador Huang Chen, Chief of the Liaison Office of the People's Republic of China. I have much to tell you about this evening, but will save it for the plane tomorrow. The most significant incident occurred when Mrs. Chen asked to meet me and questioned me thoroughly about you, your activities, your trip to Latin America. Then about twenty minutes later she returned with her interpreter to ask if there was any possibility that she could meet with you before she went back to China in two weeks. She said that meeting you was the one thing that she wanted to do before she left. Richard Valeriani, NBC, overheard this. He seemed to attach much more importance to it than I did, saying that Chen is not going to be replaced by a person of similar stature and that any bond (personal) would be significant. Mrs. Chen's interpreter asked if I would call her today to see if something could be set up. Shouldn't we be unusually responsive to such a request?

Embassy of Republic of China - Taiwan
Liaison office of the People's
Republic of China - Peking